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The Nation's Business

Newsprint Industry Has It Learned Its Lesson?

Canada's Constitution Due To Be Given Overhauling

But We Need Sound, Independent Advice

Stock Market and Newsprint Prices

BEFORE the year is out a score of Canadian manufacturers will have to decide on a fair price for newsprint. Everything points to an increase. Demand keeps mounting; some producers already are having difficulty in meeting their customers' needs. Material costs are higher. The sellers of newsprint again have the upper hand. Will the manufacturers seek a price based upon costs and a fair return on capital, or will they revenge themselves on the consumers who have forced them to sell at what they consider uneconomic prices for some years past? On the decision rests the permanent prosperity of this great industry.

It might be only human to take advantage of the situation, but such a policy is dangerous. Premier Maurice Duplessis told the pulp and paper men at their annual convention in Montreal that there should be no "childish threats" antagonizing the United States, but there should be a firm attitude in demanding a fair return on newsprint.

C. A. Vining, president of the Newsprint Association of Canada, takes much the same stand. He advocates a "fair economic" price and warns of the dangers of a runaway market. These two spokesmen, one for the Quebec Government and the other for the industry, appreciate the dangers in the situation. But will wise counsel prevail when contracts come up for renewal this year? If left to themselves, the manufacturers will likely fix on a sane price policy for their product, yet giving consideration to the consumer. These good intentions may go for nought because of the pressure from another quarter—the stock market.

* * *

IN RECENT months the market price of newsprint securities has advanced several hundred per cent in value. Current quotations can only be justified by a higher price and, in some instances, by a considerably higher price. The pressure from the stock market, intangible but nevertheless there, for the manufacturer to produce profits may force newsprint prices beyond a fair economic level.

Not once, but many times, have corporation heads had to forego their better judgment and foster unsound policies in order to justify security values. It is to be hoped that such will not be the case with the newsprint industry, for a policy based upon stock market expediency can lead only to a return of the dog-eat-dog policy which has been characteristic of the relations between newsprint manufacturers and their customers for far too many years.

* * *

Getting Closer To a New B.N.A. Act

IMPORTANT in themselves as affecting the validity of the "New Deal" legislation of the late Bennett régime, the Privy Council decisions made last week bear even greater significance in relation to Canada's constitutional problem. They banish any hopes, however faint, that the problem of Dominion control of our social system might be solved by an elastic judicial interpretation of the British North America Act. This was a faint hope at best and one that ignored the taxpayer entirely.

In effect, the decisions have upheld provincial rights but they do nothing either to enforce uniform social legislation upon the provinces or to give them the money to finance "New Deal" programmes.

The decisions make it plain that ingenious legal devices cannot be used to make illegal acts legal. The Dominion cannot usurp provincial rights just by making international treaties. It is now clear that the only way the Canadian constitution can be brought into line with an age which the Fathers of Confederation could not possibly foresee, is revision of the constitution itself.

* * *

AS The Financial Post has pointed out time and again, the problem is that the provinces cannot afford the responsibilities they have assumed. They have sovereign powers without the essential tax revenues which would enable them to administer these powers properly. The predicament is very aptly illustrated by one of the matters considered by the Privy Council. The Dominion Government was willing to undertake administration of a nation-wide plan of unemployment insurance. The Privy Council has determined it has not the power. No matter how willing to undertake a similar scheme, the provinces, who have the power, are without adequate revenues to foot the bill.

Even if they were in a financial position to meet the cost, the prov-

(Continued on page 2, col. 3)

Political Fate Of Aberhart Near Climax

Moderates and Radicals Appear Lining Up for Showdown

CRISIS AT HAND

From Our Own Correspondent

EDMONTON.—A political crisis involving the fate of Premier William Aberhart is developing rapidly in Alberta.

Whether the entire Social Credit administration might not be swept away by political forces let loose by the arrival in March of the Aberhart self-chosen deadline of 18 months, is within the bounds of possibility, though its 46-member majority in the Legislature would require an upset as big as the 1935 election to overcome.

Beyond a month or six weeks, the crisis cannot be postponed, close observers of the situation agree.

Ignores His Ministers

Latest of a succession of heavy blows to fall on the administration was the resignation of Hon. Charles Cockroft, provincial treasurer. His resignation was the closely guarded secret of Premier Aberhart for eight days, until Mr. Cockroft himself announced it.

The day Cockroft's resignation was announced, J. F. Percival, deputy treasurer, wrote out his resignation and handed it to Mr. Cockroft. No word of explanation came from Percival, Cockroft, or from Premier Aberhart, regarding it.

On Feb. 2, Solon E. Low, M.L.A., and young schoolteacher, was sworn in as treasurer.

These developments indicated triumph of the radical wing in the Aberhart Government, and were the cause of much rumor. Resignations of Hon. W. N. Chant, agriculture minister, and Hon. J. W. Hugill, attorney-general, were expected, but reports to this effect were denied.

Programme Held Up

Preparation of a programme of legislation, it is indicated, has come to a stop, and current intentions of the government are cloaked in obscurity.

The main outlines of Mr. Aberhart's crisis are perfectly clear. It centres on the fact that the administration is facing in March the end of the 18 months which the Social Credit leader asked for in which to fulfill election promises. No single item in regard to Social Credit promises has been fulfilled.

Mr. Cockroft gave as reasons for resigning, his ill health and his desire to return to private business. Questioned, he said he did not care to add to this. As in the case of C. C. Ross, former minister of mines, Mr. Cockroft announced he would continue as a private member on the Government side.

May Lead Moderates

Regarded as possible leader of a group of members of moderate views who are disturbed over the radical tendencies of a section of the party, Mr. Cockroft is known to have objected to certain treasury practices approved by Mr. Aberhart, including the use of reserves and sinking fund balances for current purposes.

Senior members of the Cabinet, including Mr. Cockroft, have been left in the dark regarding Mr. Aberhart's intentions in the face of critical issues. Such matters as the resignation a month ago of Mr. Ross and the drafting of new Social Credit plans along the advice of John Hargrave, departed adviser, have revealed to ministers the extent to which they lack the confidence of their Premier. It is noteworthy that

(Continued on page 2 col. 6)

McNairn Demands a Clean-up In Fire, Casualty Business

Companies Given Three Months to Show Healthy Conditions

Fire and casualty companies operating in Ontario have been given a three months period in which to show H. D. McNairn, provincial superintendent of insurance, that the business is now, or shortly will be, in a healthy condition.

Last December, it was predicted in The Financial Post that "supervisory officials, wearied of existing conditions, are ready to call for a showdown." First step in this direction was taken last week at a meeting called by the Ontario superintendent. Acting on information he has received indicating that there are serious abuses in the business, Mr. McNairn has given the companies time in which they are either to disprove the allegations, or to show that effective measures are planned to eliminate the abuses. Conditions on which complaints have been received apparently cover most phases of the business, centering chiefly about rates and commissions.

May Mean Central Bureau

If the companies cannot justify their position, either in respect to existing conditions or proposed remedies, the course to be taken by the superintendent has not been definitely indicated. It is almost certain, however, to take the form of some further government intervention in the business. Some observers believe it might be some form of central rating organization. In questioning company representatives, and later, representative agents, Mr. McNairn referred to the system now in effect in New York State.

Company Viewpoint

With one exception, opinion expressed by company representatives at the meeting was that conditions in the business are very little different from those in other years. The insurance business, it is contended, will always have its problems, just as do other businesses. But the companies themselves will find means of dealing with these problems as they arise.

It was admitted that in the depression, it has been difficult to carry on business because of the large number of companies operating in the face of a 40% reduction in premium income. With better times ahead, however, it was felt that more normal construction and increasing property values will tend to reduce "depression problems" in some lines of insurance.

Many Complaints

In part, Mr. McNairn's statement at the meeting reads as follows: "It is now upward of one year since I assumed the office of superintendent of insurance for Ontario. During that period complaints touching conditions existing in the fire and casualty business have come increasingly to my attention. Financial and insurance journals, ordinarily recognized as mouthpieces of the insurance fraternity have been deploring conditions in the business in their editorial columns and otherwise, ever since I assumed office.

"I have in mind reporting conditions in the fire and casualty insurance business to the minister . . . but before so doing, I contemplate an enquiry, the results of which will no doubt be reported in my annual report.

"It is not my intention to undertake an enquiry into these matters of the character undertaken by the Hon. Mr. Justice Masten in 1916, or

(Continued on page 2, col. 7)

Agents' Stand Sought in Probe

Following his conference with representative executives of fire and casualty insurance companies, H. D. McNairn, Ontario superintendent of insurance, held a session with representative agents from various parts of the province. The following were among queries put to these agents:

"Do you feel that there exist practices absolutely conflicting with Canadian Underwriters' Association commission and rate rules or would you say these are strictly and rigidly adhered to?

"Would you have difficulty in receiving a higher remuneration than set forth in the Canadian Underwriters' Association constitution if you deliberately went out to procure and make such an arrangement?

"Do you believe that in making changes and meeting so-called public demand that the Canadian Underwriters' Association has taken such steps by its own volition or has been largely forced to by the loss of business today due to the promptness of action of companies and markets beyond their control?

"Do you consider the present means of classifying risks for general administration and rating purposes adequate? What I have in mind is that in reviewing the New York procedure, greater care is emphasized and a more comprehensive classification breakdown afforded, which must result in a finer rating procedure than is existing here."

Queries to Companies Give Hint of Complaints Involved

What are the problems confronting the Canadian fire and casualty insurance business?

Stated generally by Ontario Insurance Superintendent H. D. McNairn, at a meeting of company representatives last week, they concern almost every phase of the business. The specific complaints on which the superintendent based his demand for clarification of the companies' position have not yet been made public. Some indication of the nature of the complaints, however, may be gleaned from the questions which he directed to the company representatives.

Some of the questions are quoted:

Queries to Companies

"Have there been any changes or general broad revisions by classes that would reflect a tendency (in regard to fire insurance rates) of keeping abreast of underwriting experience or improved conditions in general construction and protection within the business in Ontario? For example:

(a) Has the basic rate in the City of Toronto been changed within the past 10 years, or when was the last change made in the basic rate?

(b) Has there been any change in dwelling rates in any of the cities or unprotected centres of Ontario in a general way?

(c) I realize that there is a constant change in the publication of rates on individual risks and schedules, but my comments and interest are more directed toward basic changes that would affect all risks within a class.

"Are you in favor of my department giving the force of law or some form of effective administration toward your voluntary rulings?

Severe Penalties

"Would you support my making effective your rulings once acceptable to me, subject to severe penalties?

"Do you believe that you are capable of enforcing effectively your commission rules in this territory?

"Do you consider that the New York State general procedure would be of assistance and benefit in this territory and, if not, why not?

"Is it not correct that your agency limitation rule has been responsible for bringing in or continuing of a large number of affiliated companies or so-called 'pups?'

"Do you believe it would be in the interests of the public to have so-called non-tariff companies affiliated with the Canadian Underwriters' Association in the sense of pooling their experience and bringing about a form of rating procedure that would establish what might be termed a more equitable rating standard?

"Do you indulge in what might be termed 'flat rating'—meaning by that naming a rate without applying any definite rating schedule or formula?

Reductions Suggested

"Do you consider that the basic (fire) rate in the City of Toronto could be substantially reduced, giving due regard to sound underwriting practice?

"Is it correct that, for example, where you pay 20% or 25% to an agent on a given risk in Hamilton or London, if the same risk comes to your companies in a schedule or individually written through a Toronto agent, that you would pay 30% to the Toronto agent, or, in other words, that there is no protection afforded the outside local agent?

"Are you showing any underwriting profit in your general casualty business in this territory? If not, why not?

"Do you believe there are too many companies doing business in this province?"

U. S. Wants Slice Of Coal Market

From Our Own Correspondent

WASHINGTON. — Pressure is being brought by important interests here to reach an understanding between Great Britain, Canada and the United States on the Canadian coal market. The hope is that via the proposed Anglo-United States trade treaty an understanding can be reached whereby the Canadian coal market can be divided between Great Britain and United States. Such a plan if successful might make it very difficult for Russian coal to find a way into the Canadian market.

It is believed this subject was under discussion during the recent visit of Hon. Walter Runciman.

Ottawa officials deny there is any truth in the Anglo-U.S. coal story. The recent understanding with Russia allows that country to sell in Canada up to 250,000 metric tons of coal without embargo or restriction as long as certain specifications agreed on between the two countries are adhered to. It is considered highly improbable that any subsequent agreement would be made which would nullify this understanding.

C.P.R. Surplus Beyond Needs Of Preferred

Net Profit For the Past Year May Be Near $6 Millions

GROSS UP $8.8 MILLIONS

From Our Own Correspondent

MONTREAL.—Indications are that the income and surplus account of the Canadian Pacific Railway for 1936 should show surplus revenue greater than required to pay dividends on the preference shares or above $5.5 millions. In 1935 there was a net profit of $2.8 millions available for dividends.

Operating statement for the past year shows a gross revenue of $138.5 millions, a rise of $8.8 millions over the preceding year. Expenses increased with the greater volume of traffic, but there was a gain in net earnings of $913,586. This brought the net operating revenue up to $23.3 millions as against $22.4 millions in 1935.

Higher "Other Income"

No official particulars are available regarding special income, but in view of the heavier steamship traffic, dividends from Consolidated Smelters and income from other activities, it is anticipated that "other income" will be larger than in 1935, when $8.1 millions was reported.

With no increase in the reserve for steamship depreciation account and a moderate decline in fixed charges, it is anticipated net profit for the past year will be in the neighborhood of $6 millions, in which event there would be sufficient income to cover the dividend on the preference shares which was deferred after Oct. 1, 1932.

Market Value For Brazilian At New High

Five-year Peak Reached—Earnings May be 96 Cents a Share

Brazilian Traction Light & Power Co. common has been a market favorite recently, appreciating to $24½ a share for the first time in more than five years of trading. The rise reflects improved sentiment as a result of increased earnings in 1936 and improvement in the Brazil exchange situation. There is a growing hopefulness that the Brazilian milreis will win through in the not too distant future to a basis where the Government can leave the market for foreign exchange entirely free.

December earnings of the company were by far the most favorable in 1936. Gross earnings at $2,915,342 were $526,159 or 22% higher than in the same month of 1935. Operating expenses were up 8.25% to $1,305,391 so that the increase in net earnings was $426,684. This is an increase in net of 36%.

Higher Profits Indicated

For the entire 12-month period gross earnings amounted to $32,197,610, an increase of $1,975,583 or 6.54%. Operating expenses increased $363,018 to $14,507,503 so that net earnings totalled $17,690,107, an increase of $1,612,835 or 10% over 1935.

Assuming that miscellaneous revenue is the same as in 1935 and that there is no change in deductions for depreciation, fixed charges and administration, then earnings in 1936 should approximate 96 cents a share on the common stock, compared with 74 cents in 1935, and 51 cents in 1934.

Abitibi Power Being Revised

Revision of contracts for power between the Ontario Hydro and Abitibi Power & Paper Co. is impending according to reported recommendations to the Ontario Government by Hydro officials. This development is coupled with an understanding already given by the Government on timber limits to be allocated to the company as preliminaries toward termination of the receivership.

The revision of Abitibi's power arrangements has been almost overlooked because the spotlight has been on the Hydro's negotiations with Ottawa Valley Power Co.

Another problem in reorganizing Abitibi is new working capital which might be raised by issuing prior lien securities ahead of the first mortgage bonds, apart entirely from the problems involved in the default on the present Abitibi senior securities.

Highlights

Relief Rackets

Why are Canada's relief costs failing to drop as business and employment figures rise? Page 11

Income Tax

Are funds transferred from bad debt reserves to dividends taxable? Page 8

Subsidizing Trucking

Failure of auto transportation to pay its way results in huge highway deficits in Canada, Saskatchewan economist contends. Page 20

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Corporate Investors Raises Shares to $8.50

Offering price of shares of Corporate Investors Ltd., Toronto investment trust, has been raised from $8 to $8.50 a share effective Feb. 1. The increase reflects the appreciation in value of investment holdings, and is the fifth revision since the beginning of 1936 when the price was $6.50 a share.

Pioneer's Litigation Settled Out of Court

A wire to The Financial Post from its Vancouver correspondent at press time states that the 5-year litigation over Pioneer Gold Mines has been settled out of court. Terms of the settlement were not available.

This litigation has gone all the way to the Privy Council and back again to the provincial and federal courts, and involved the liquidation of the old company.

Int. Petroleum Earnings Rise With Crude Oil

Gain About 20 Cents a Share For Common

OVER $3 MILLIONS

International Petroleum Co. stands to improve the rate of earnings on its shares by 20 cents a share or more annually from increases in the price of crude oil.

The full effect of higher crude prices will affect International Petroleum more gradually than U. S. producers because the company's prices are competitive on an international basis. However, it is understood the company will get almost immediate benefits from the rise ranging from three to 22 cents a barrel on oil at ports in the Gulf of Mexico. Increases are also expected to develop in other world markets served by International Petroleum.

Mostly Earnings

On last year's production of 32.7 million barrels, International Petroleum would receive an increase of over $3¼ millions in revenue from an average rise of 10 cents a barrel in crude prices. Most of the additional revenue represents net earnings on the 14,324,088 common shares because expenses do not rise proportionately with the increase in prices.

Earnings were reported at $1.65 a share last year compared with total dividends of $2.50 a share. The full effect of higher crude prices will not be felt in the current fiscal year, which runs from July 1, 1936, to June 30, 1937. It appears, however, that the higher crude prices will raise the rate of earnings in the latter months by about 10%.

B. A. Oil Gain 20 Cents a Share

British American Oil Producing Co. will receive a price averaging $1.27 to $1.30 a barrel for its U. S. production of some 13,000 bbls. daily under increases now effective in American oil fields. This represents an increase of about 10% in the price and should bring the producing firm's gross revenue up to about $6 millions annually. All this is not net profit because substantial charges are made for operating expenses, taxes and depletion. However, the major part of the gross should accumulate in the producing company's treasury to the ultimate benefit of holders of the 2,622,642 shares of the parent firm, British American Oil Co.

Add 20c. a Share

As in the case of other oil producing firms, the increase in crude prices represents largely actual net earnings. In the case of B. A. Oil, the addition to revenue of the producing subsidiary represents an increase equivalent to approximately 20 cents a share on the parent company's stock.

B. A. Oil drew dividends from its producing company in 1936 and paid an extra dividend of 20 cents a share on its own stock, making total payments of $1 a share for 1936. Earnings in 1935 were $1.10 and dividends 80 cents a share. Although some reduction is reported in Canadian earnings in 1936, the forthcoming statement is expected to show a comfortable margin of earnings over the total disbursements of $1 a share, partly due to dividends drawn from the U. S. subsidiary.

Gasoline Up One Cent: Offsetting Higher Costs

Coincident with the rise in the price of crude oil, gasoline has been raised one cent a gallon in Canada. The effect is to allow Canadian refiners and distributors an offset to the increase in the cost of crude. The major increase in oil company revenues is being felt chiefly by the crude-producing companies, rather than by distributors and refiners such as Imperial Oil, McColl-Frontenac, Canadian Oil, and B. A. Oil. The latter firm, of course, benefits from improvement in revenues of its producing subsidiary. There is not much direct benefit to Imperial Oil from the increase in revenues of International Petroleum, because Imperial is already receiving dividends from the producing firm in excess of stated earnings.

Retail Sales Soar Sharply

Sharp gains in sales of automobiles and in retail sales generally were recorded in December, according to official figures released this week. Passenger car sales rose 82% over the same month last year. Factory output gained 45%.

Retail sales reached the highest point since Dec., 1931. The December index rose 10% over the same month last year and even after adjustment for seasonal variation and the number of business days the increase was 6%. All groups gained except boot and shoe and hardware stores.

		—Change— From prev. period %	From prev. year %
Monthly:	**December**		
Bank debits	*$3,404,592	+3	+16
Auto. sales:			
Passenger, No.	9,563	+78	+82
Trucks & buses, No.	1,021	+65	+21
Factory output:			
Passenger, No.	16,542	+64	+45
Exports, No.	3,945	—23	—28
Retail sales:			
General index	108.9	+6‡	+10
Weekly:			
Carloadings, No.	45,612	—3	+13
Cattle sales, No.	12,710	—20	+1
Hog sales, No.	21,505	—0.4	+24

‡After seasonal adjustment.
*000's omitted.

Mining Leaders Endorse Campaign to Rid Canada Of Mining Racketeering

Leaders of the Canadian mining industry are firm in their conviction that one of the most serious problems facing the industry today is that of the high-pressure stock salesman, judging from opinions expressed to The Financial Post in connection with its recent exposures of the operations of these men.

By telephone, letter, and personal conversation, The Financial Post has received evidence of the fact that the real mine makers of Canada are staunchly opposed to granting salesmen and brokers licenses to known crooks.

It is felt that, while every effort should be made to rehabilitate in society men who have in the past resorted to dishonest or illegal methods, these men should not be put in a position in which they are again able to use their nefarious methods. In other words, they should be forced to earn their living in some profession which calls for less moral fibre than that of the brokerage or promotional business.

"Squarely Behind You"

"Canada's mining industry stands squarely behind The Financial Post in any effort it makes to drive crooked promoters out of Canada," stated Col. A. L. Bishop, president of Coniagas and Florence River (Quebec) Mines, a director of Manufacturers Life Insurance Co. Toronto General Trusts, Canadian General Investments, and other concerns.

"Questionable methods of financing are not necessary to raise money for mining development in this country. All the capital the industry needs can be raised by straightforward honest promotional and financing methods.

"In this connection, it is worth pointing out that the great bulk of the money now being invested in mining exploration and development in Canada was originally made in mining.

"Fly-by-night promoters and financial crooks who misrepresent mining, or who use dishonest methods in selling mining securities, have nothing to contribute to the development of Canada's most rapidly growing industry. They are just riding along on the momentum generated by decent competent people.

"The leaders of Canadian mining seek to mine the rocks, and not the public. The Financial Post does a good job for the industry when it warns the public against those who take the opposite viewpoint."

Have no Place in Country

John E. Hammell, straight talking mining man, whose unique record of success is well known to Can-

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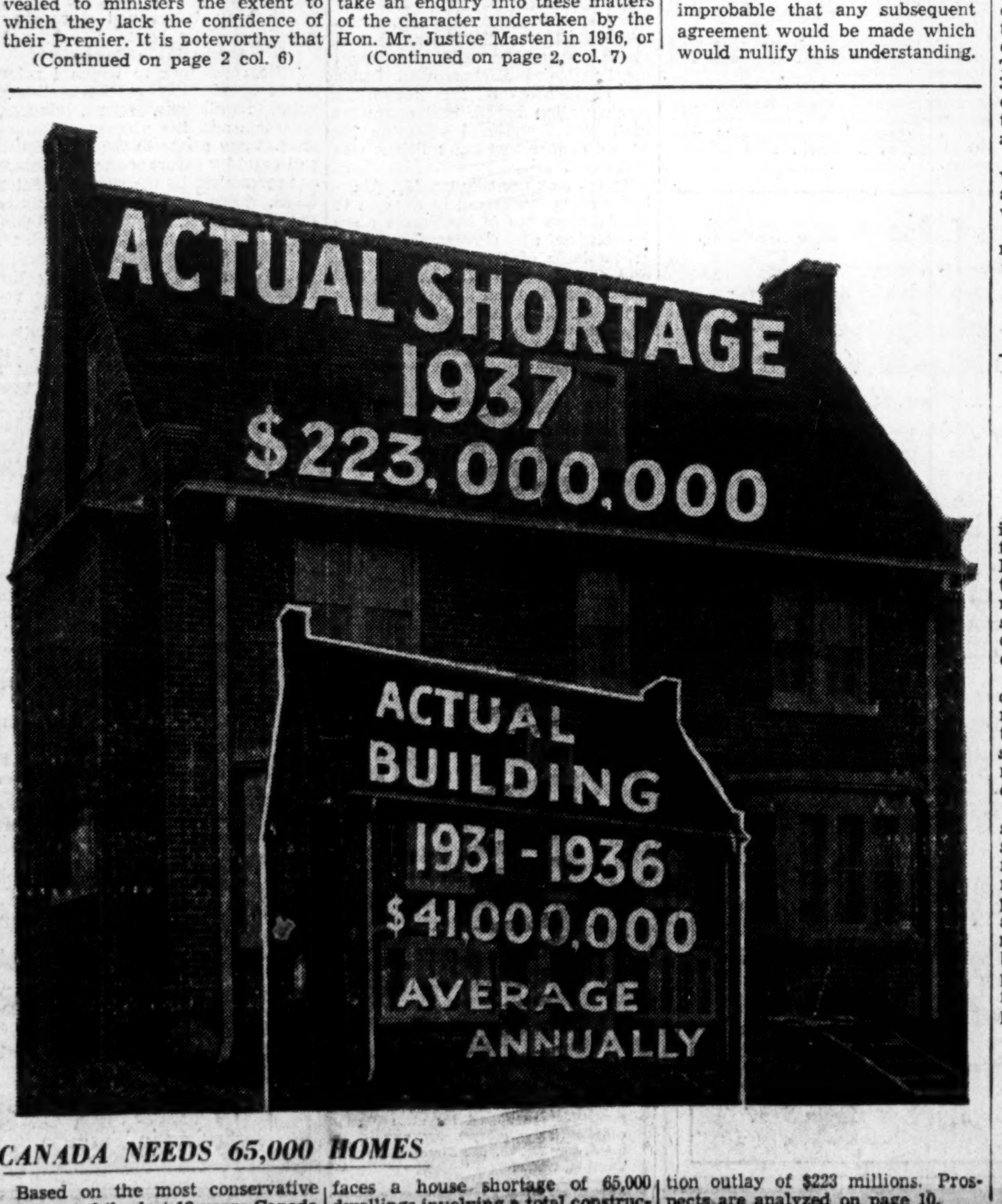

CANADA NEEDS 65,000 HOMES

Based on the most conservative averages of the last 12 years Canada faces a house shortage of 65,000 dwellings involving a total construction outlay of $223 millions. Prospects are analyzed on page 10.

MEN'S SHOP

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Legal investment under the Canadian and British Insurance Companies' Act, 1932.

PRICE: 98.50, to yield over 4⅛%

A copy of a descriptive circular may be obtained upon application.

The 6½% bonds of this Company called for redemption at 105 on March 1, 1937 may be tendered in payment (with the March 1, 1937 interest coupon detached).

L. G. BEAUBIEN & Co., LIMITED

34 Adelaide Street West

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Montreal — Quebec — Trois-Rivières — Ottawa — Brussels — Paris

AT HOME AND ABROAD

The Royal Bank serves Canadians both at home and abroad. In London, one branch of the bank is situated across the street from the Bank of England; another just off Trafalgar Square beside Canada House. A branch is also maintained in Paris. These overseas offices of The Royal Bank extend to Canadian enterprise every banking service and to Canadian visitors a friendly welcome.

THE ROYAL BANK OF CANADA

OVER 700 BRANCHES IN CANADA AND 30 OTHER COUNTRIES

The Nation's Business

(Continued from page 1)

inces would be well advised to surrender some of their constitutional rights. Duplication of administrative cost in nine provinces would be enormous. Variance of plans between provinces would add still another to the businessman's worries. A compromise arrangement whereby the provinces would enact enabling legislation placing administration with the Federal Government might seriously weaken the plan by insistence on sectional interests.

* * *

THE solution, as with many of the constitutional problems, appears to be not to widen the field of provincial taxation to meet the cost, but to place greater jurisdiction in the hands of the Federal Government. What is essential, what the Privy Council decisions emphasize more than ever as necessary, is a recasting of the British North America Act, providing reallocation between the Dominion and the provinces of the subjects which they should administer.

But would it not be desirable in dealing with a knotty and delicate problem of this character to seek some independent outside advice in the form of a Royal Commission with a British chairman?

* * *

May Commission For Canada

THE prime minister, Mr. King, has hinted at the establishment of a Royal Commission to examine into the financial basis of Confederation. There has been a widespread demand for such an independent board of enquiry into the financial difficulties of the Dominion and the provinces. But the suggestions coming from different quarters are not all the same thing.

There is now little disposition anywhere to question the need for a general revision of the pact of Confederation. Those few and small groups which regard the B. N. A. Act as a partnership agreement which must not be touched unless every last man, woman and child in Canada agrees, occupy an untenable position. The world has changed and Canada's social and economic structure has changed. The 1867 garment does not fit and must be modernized.

* * *

THE two chief phases of the problem relate to the distribution of powers between different classes of government and to the distribution of sources of revenues to finance the administration of those powers.

The ends to be achieved in studying these phases are several but these are of particular importance:

1. To define responsibility and authority, particularly in the field of social welfare and economic control.

2. To simplify the structure of government so that duplication of activities and "competition to govern" may be ended.

3. To assign taxation sources in accordance with the responsibilities left to each class of government so that duplication in taxation may also be avoided.

* * *

IT IS obvious that we should seek the advice of independent outside authorities in working out these problems. Even if this were not desirable because of the value of having the advice of those who have worked on similar problems in other countries, it would be necessary in order to resolve conflicting sectional and political views at home.

What is needed primarily is a "May Commission" to deal with the problem in its broad general phases. It should be headed up by a May, a MacMillan, a Salter, a Leith-Ross or someone else of similar weight and authority.

The Government may decide that it will divide up the study; to let one group work on the questions of "powers" and the other then to consider the problems of fitting finance to the new alignment of powers.

* * *

GOVERNMENTS seldom act in advance of public opinion. When The Financial Post several years ago first began to emphasize the need of a "May Commission" to do this job for Canada it was probably beating a pathway in which few were yet ready to follow. But now there is evidence on every hand that the informed public is aroused to the need for early action to recast our constitutional and financial structure. Action can no longer be regarded as "politically dangerous." All that is politically dangerous is delay.

It should be noted that a study of the constitutional and financial basis of Confederation does not imply a study of the general economic problems of maintaining a nation. The proposal, for example, of the Edmonton Journal for a "Duncan Commission" for the West should not be confused with the immediate issue of a probe into the political powers and financial relationships of our 10 more or less sovereign governments.

If the suggested Royal Commission, now under consideration at Ottawa, were to attempt to make a thorough study of the effect of our use of tariffs, railway rates, waterway development and other instruments of national planning and control, it would never get down to the immediate problem of deciding on the duties and powers of our 10 competitive and expensive governments.

With the Legislators

Ottawa

Transportation—Committee on government-owned railways and shipping set up, to which will be referred the estimates, accounts and bills relating to the Canadian National Railways and Steamships.

Bill No. 12 providing for the recasting of the capital structure of the Canadian National Railways, given first reading.

Financial — Measure introduced to provide that obligations in gold may be discharged by an equivalent sum in the legal tender of the country where it is payable.

Elections—Special committee again set up to study and report on Proportional Representation, the Alternative Vote, Compulsory Registration of voters and Compulsory Voting.

Construction—First reading given to the measure to guarantee lending institutions up to $7,500,000 on loans made to assist in the repair and renovation of houses and other buildings.

Agriculture — Committee of the House set up to resume investigation into the price of farm implements and the rise which took place a year ago.

Copyright—First reading given to an amendment to the Copyright Act, introduced by a private member (W. K. Esling, Cons. Kootenay West) which would require the Performing Rights Society to furnish certified lists of all titles it claims to control; and would exempt from license fees all hotels, restaurants, stores, skating rinks, lodge halls or other places which receive music by radio.

Constitutional — Convention of all Dominion and provincial parties suggested by Opposition leader. Royal commissions to report on specific constitutional problems favored by Government.

Ontario

Hydro—Three bills protecting hydro properties from the possibility of attachment by court judgment, releasing to the province moneys deposited with Supreme Court in the contract repudiation litigation and clarifying the fiat clause in the Power Commission Act of 1925 given third reading.

Northern Ontario—Abolition of the post of Legislative Secretary for Northern Ontario involved in statute revision bills given first reading.

House adjourns for recess until Feb. 16.

Listed Bonds

Week Ended Feb. 1, 1937

	Int. rate	Due	High	Low	Range 1937 High	Range 1937 Low
Mtl. L. H. & P. Debs.	3	'39	50¼	50¼	50¼	50¼
McNish	6	'48	3.50	....	3.85	3.50

NEW DIRECTORS

E. E. Buckerfield, Vancouver, (top), and C. Gordon Cockshutt, Brantford, (below) who have been elected directors of the Imperial Bank of Canada.

Mr. Buckerfield is president of Buckerfield's, Ltd., and Columbia Power Co., and is a director of Maple Leaf Milling Co., Canadian Bakeries, Ltd., Neon Products of Western Canada, Ltd., and Brewers & Distillers of Vancouver.

Mr. Cockshutt is president of the Cockshutt Plow Co., and is on the board of directors of Frost & Wood Co., Dominion Life Assurance Co., Harding Carpets, Ltd., and Gore District Mutual Fire Insurance Co.

These appointments, with that of Col. A. L. Bishop which was announced last week, increase the bank's board of directors to 15, giving effect to the resolution passed at the annual meeting last November.

City of Montreal Offers $6.5 Millions in Bonds

The city of Montreal has sold $6.5 millions of bonds to a syndicate headed by the Bank of Montreal. The issue consists of $706.000 of 2½% bonds due serially 1938-42; $807,000 of 3% bonds due serially 1943-47; and $4,987,000 of 3½% bonds due 1948-52. The combined price paid for the three groups was 96.6095, bids on the respective issues being 99.625 for the 2½'s; 98.22 for the 3's; and 95.922 for the 3½'s.

The 2½% and 3% bonds have been sold to institutional investors, while the 3½'s are being offered at prices ranging from 97.75 to 100 to yield from 3.7% to 3.5%.

A syndicate composed of Dominion Securities Corp., Wood Gundy & Co, A. E. Ames & Co., Canadian Bank of Commerce, Royal Bank and Provincial Bank, bid 96.728 for a firm underwriting on $50,000 of each serial maturity 1938-51 and $300,000 of the 1952 maturity and a 30-day option on the balance.

The Bank of Montreal syndicate is as follows:

Bank of Montreal; Royal Securities Corp.; Hanson Bros. Inc.; Bell, Gouinlock & Co.; Midland Securities Corp.; Ernest Savard Ltd.; Bruno Jeannotte Ltd.; L. G. Beaubien & Co.; McTaggart, Hannaford, Birks & Gordon; McLeod, Young, Weir & Co.; Rene T. Leclerc Inc.; Perrigan, MacTier & Co ; Nesbitt, Thomson & Co.; Collier, Norris & Henderson; Mills, Spence & Co.; Meade & Co.; Credit Anglo-Francais Ltd.; Societe de Placements, Inc.

Staff Changes

The Imperial Bank has made the following staff changes:

H. H. MICKLEBOROUGH, formerly accountant at East End, St. Thomas, to be accountant at Kirkland Lake, Ont.

G. COULTER, formerly at Windsor, to be accountant at East End, St. Thomas, Ont.

J. E. STEVENSON, formerly of head office, to be accountant at Dundas and University, Toronto.

R. H. TOWNROW, formerly accountant at Dundas and University, Toronto, to be accountant at Ridgeway, Ont.

T. A. HENSON, formerly accountant at Ridgeway, to inspection staff at head office.

Canada Malting Earnings Higher

Improved export business and maintenance of volume of domestic sales are officially reported by Canada Malting Co. for the 17-month period ended Dec. 31, 1937. While the regular audited statement is not expected until March, earnings after depreciation and taxes will be equivalent to $3.20 per share on a 12-months basis. This compares with $2.86 in 1935 and $3.12 in 1934. Last year the company's year-end was changed from July 31 to Dec. 31, which accounts for the unusual length of the period next to be reported.

Increase in exports is understood to be largely due to the shortage of malting barley in United States following last summer's drastic drought.

Political Fate Near Climax

(Continued from page 1)

Mr. Cockroft's resignation is dated Jan. 21, the day Hon. Lucien Maynard, radical young Social Crediter, became minister of municipal affairs, a portfolio administered by Cockroft since the Government took office.

It is common talk Mr. Aberhart himself remains in everlasting doubt about what he should do next. Hargrave's parting statements exploded the myth that he was pursuing a policy of Social Credit. Aberhart failed to reply adequately to Hargrave, and his professions in regard to Social Credit carry less and less conviction with his followers as with the public. A notable change in the Premier's weekly addresses to his Sunday audiences is evident. Observers are impressed with the change seen there, compared with the buoyant optimism of the Premier a few short months ago.

It is known that desperate efforts are being made behind the scenes to prepare new assurances to bolster up wavering private members, whose position is extremely unpleasant as long as the Government remains undecided and without Social Credit results or definite future plans. A number of members profess continued confidence in Aberhart's ability to work out last minute plans that will lull the rising tide of rebellion. Others are willing to make an honest avowal of the Government's failure. The view here rests on Mr. Aberhart's frequent suggestions that he will quit if he finds he cannot establish Social Credit. A great deal will depend on Mr. Aberhart's powers of persuasion when members caucus before the session in February.

Predictions of the collapse of the administration must be qualified by the fact all Social Credit members were hand picked by Mr. Aberhart in 1935. Thus he can count on a measure of unquestioning support whatever happens.

Old factions in the party, which were quieted for the time being when it seemed new, definite policies were shaping up under the direction of Hargrave, are lining up again. Questions of leadership within both moderate and radical groups have not been settled.

Scrip Experiment Costly

Factors causing embarrassment to the treasury are numerous. The experiment with scrip cost the province approximately $300,000. The budget estimates $2 millions from the new sales tax, but the total by March 31, when the fiscal year ends, will be only slightly over $1 million. Expenditures are running ahead of estimates by about $2 millions, in which a large item is relief costs, being financed out of revenue. Ottawa advanced the province $240,000 in December for relief and added a loan of like amount. This eased the situation temporarily.

Another item aggravating the cash shortage was the postponement of about $530,000 in revenue by delaying the motor license year to April 1 from Jan. 1. This, however, was taken into account in the budget, and this revenue will be available at the start of the next fiscal year.

Actual details of the financial position await official reports, normally available for the House when it meets. In regard to the Government's denial it borrowed funds out of reserves of the workmen's compensation board, coal operators have met the denial with the repeated charge that $2.5 millions was borrowed.

As his troubles pile up, Mr. Aberhart shows increasing tendencies to shut off sources of legitimate news concerning the Government. Correspondents of the Calgary Herald and the Toronto Globe and Mail have recently been denied access to his press conferences. A proposal to confine news announcements to a bulletin handed out at the Premier's office, coupled with a prohibition on reporters seeking news from other sources, was mooted recently, though Mr. Aberhart has not proceeded with the plan.

McD. & C. Holdings Ltd. Reduces Indebtedness

MONTREAL—Directors of McD and C. Holdings Ltd. have declared a further capital payment of 25% on account of its outstanding certificates of indebtedness, payment to be made on Feb. 27 to holders of record Feb. 15.

In the annual report to shareholders, it was pointed out that a fourth distribution of 5% was made during 1936, bringing the total payment up to 25%, which with the current declaration, will make a capital return of 50% on indebtedness.

At the end of the year the book value of securities held was $511,882. Of this sum $445,690 had a relatively free market, the quoted value of which was $203,537.

Bayonne Returns

Total returns from the Bayonne-Grull Wihksne mill in December, the first month of full operation, were $21,000.

WANTED

Stock Sales Manager and Stock Salesmen. State past connections; type of securities specialized in; all replies confidential. Address for appointment, Box No. 19, The Financial Post, Toronto, Ontario.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Dominion—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Victoriaville, Que.	Jan...	Rene T. Leclerc.	4%	Ser.	$21,500	100.465	3.94%
Montreal	Feb...	Royal Securities Corp. and Syndicate	2½%	1938-42	706,000	....	....
			3%	1943-47	807,000	....	....
			3½%	1948-52	4,987,000	....	....
Brantford	Feb...	Locally	3½%	10 & 20 yr.	215,000	100.62	....
Dominion—							
Canada Treasury Bills			...	May, '37	30,000,000	99.815	.759%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

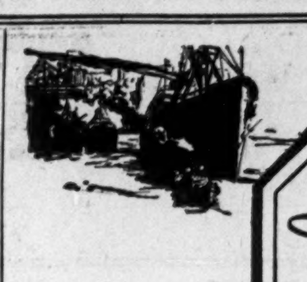
Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Atlantic Utilities	Jan...	W. C. Pitfield & Co.	4%	1957	$500,000	....	.....
Dominion-Scottish Investments	Jan...	Cochran, Murray & Co.	4%	1952	750,000	98	4.18%
Regent Knitting Mills	Jan...	L. G. Beaubien & Co., Ernest Savard	3%	1938-43	150,000	....	.....
			4%	15-yr.	375,000	98½	.....
Stock Issues:							
Quemartic Mines	Jan...	J. M. R. Corbet & Co.	...	....	200,000 shs.	25c	.....

Preliminary information is now available pertaining to an offering of shares in BRITCANA GOLD MINES, LIMITED, which will be publicly announced next week.

Taylor S. Pennington & Co. Limited

INVESTMENTS

80 King Street W. — Toronto — ELgin 3197



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HEAD OFFICE MONTREAL

BANK OF MONTREAL

ESTABLISHED 1817

ASSETS OVER $800,000,000

Just a word about the CORONATION

Dignified, effective displays will be required by many Canadian firms in connection with the Coronation in May. Authenticity will be the keynote of all these Coronation promotions. As a consequence, many decorative problems will appear in regard to colors, crests and insignia.

SIMPSON'S has a specially organized department which devotes its entire time to the solution of such problems. This department has already created notably successful displays for many advertisers. For months, the Coronation theme has been given careful study. Authentic crests, colors, shields and flags have been secured in England, and now this SIMPSON department is ready to present plans for your approval. Estimates will be given, without obligation. Write, telephone or have a SIMPSON representative call and see you. NOW is the time to make your plans.

Simpson's

Telephone ADelaide 8711—

"Home Furnishing Service"

McNairn Demands Insurance Clean-up

(Continued from page 1)

the late Hon. Mr. Justice Hodgins in 1929. It is sufficient for my purposes at this time to direct your attention to the fact that I have before me the reports of these honorable commissioners and that it appears to me from the information which has come to the department that conditions in the fire and casualty insurance business of which these commissioners complain have grown worse during the years which have intervened since they submitted their report.

Cover Wide Range

"The conditions to which I refer relate specifically to the methods, rules, regulations, forms, clauses, contracts and the placing of insurance. They relate to the cost of fire and casualty insurance to the public as represented by the premium rates fixed, made or charged by insurance companies transacting these classes of insurance in the province.

"Before undertaking the enquiry which I have in mind, under the act, and before submitting any report to the attorney-general, I have concluded to tell a representative group of executives such as is assembled here today, just what I have in mind, with the thought that ample opportunity should be afforded them to meet and plan what action can be taken, without the intervention of the department, to cure the conditions concerning which there is such widespread dissatisfaction.

Period of Grace

"While I appreciate that there has been ample opportunity during the 20 years which have intervened since the appointment of the Masten Commission for the men in the business to solve the problems then existing and which have not yet been solved, nevertheless the men responsible for the policy of the several companies and groups of companies have changed during the intervening years, and it seems only fair and reasonable to me that they should be given a special opportunity to consider and report to me what can be done today.

"I am satisfied that if I can couple my report on conditions to the minister with a report showing that prompt and effective action is being taken by the business to regulate or to cure these conditions, he will be only too content to permit these plans to be worked out with such supervision and co-operation as the department may be required to give."

FEATURES

in the February issue

THE CANADIAN CHARTERED ACCOUNTANT

Valuation of Inventories
Fixed Asset Appraisals and Accounting Therefor
Taxation for School Purposes
Review of Economic Conditions
Social Credit
An Irish Court Case Respecting Accountants
Need for Research in Accounting

Published monthly. $2.00 per annum. Subscription open to all. Sample copy sent on request. A. H. Carr, Editor, 10 Adelaide Street East, Toronto.

WANTED

TRUST COMPANY MANAGER

Wanted by a well established Trust Company, with Head Office in Montreal, an experienced Trust Company Executive, well connected in Toronto, as Manager of a branch office being opened in Toronto.

Enquiries will be considered in strict confidence.

Write to P.O. Box 3353, Montreal, for details and interview in Toronto.

News of Investments - - Analyses

Great Lakes Earnings Up For the Year

Power Company Earns $5.45 Per Common Share

With operating revenue up 6.9% and fixed charges reduced as a result of refunding operations, Great Lakes Power Co., with headquarters at Sault Ste. Marie, will report common share earnings of $5.45 a share for 1936, compared with $2.64 in 1935. The Financial Post is informed.

Gross earnings in 1936, including dividends from the company's wholly-owned subsidiary, International Transit Co., totalled $881,285 as compared with $824,342 in 1935.

Net profit available for dividends in 1936 was $215,891, an increase of 63.9% over the 1935 amount of $131,665. After allowing for preference share dividends of $52,500 there was available for common share dividends $163,391. Thus, the distribution of $3 a share made on 30,000 shares of common stock on Jan. 15 was covered by a wide margin.

General Improvement

Increased revenue came from general improvement in all branches of the company's business. Sales of electricity in 1936 totalled 244,465,475 kw.h., compared with 233,816,261 kw.h. in 1935 and 219,338,535 kw.h. in 1934.

Construction of the company's new power plant on the Montreal River has been completed. The rated capacity of this plant is 10,000 h.p.

In 1937 the company is hopeful of an increase in revenues of between 5% and 10%, The Financial Post is informed, depending upon increased demand in the Michipicoten and Goudreau mining areas.

3 Air Firms Unite Service

New Company Controlled By Wings, General, and MacKenzie

Formation of United Air Services Ltd. under Dominion charter marks a combination of interests of three air transport firms, Wings Ltd., MacKenzie Air Service Ltd. and General Airways Ltd.

The three operating companies will control United Air Services which has an authorized capital of 400,000 no par value common shares. One objective is to integrate extensive flying services.

General Airways operates from Rouyn and northwestern Quebec to Montreal and other eastern points. Wings Ltd. operates from Winnipeg principally to mining areas in northwestern Ontario and northeastern Manitoba. MacKenzie Air Service has headquarters in Edmonton and serves Fort Smith and northern areas.

It is expected that United Air Services will provide cross-country services, but the initial objectives are to pool purchases of aircraft and equipment, and to obtain group insurance coverage.

Following issue of letters patent increasing the authorized common stock of Wings Ltd. to 400,000 shares, a new draft balance sheet has been issued as at Nov. 30, 1936. It shows current assets of $107,276 and current liabilities of $43,568, leaving net working capital of $63,708. Aircraft and equipment are carried at $175,388, less depreciation of $24,990, and total assets are placed at $294,908 There was a net of 170,999 common shares outstanding. Earned surplus is shown at $54,579.

In connection with contingent liabilities, it is pointed out that the company carries full insurance on aircraft and for liability to passengers and damage to cargo.

Burns & Co. Profit Good

Substantial Surplus is Earned After All Charges

Preliminary figures for 1936 results of Burns & Co., Calgary meat packing firm, indicate improvement over the results for 1935. Consequently payment of the full 5% interest on income bonds is expected next April 1.

After paying all charges, the company had a surplus of $234,835 for 1935, which brought total surplus to $374,268. In 1936, however, interest charges on the company's mandatory-payment bonds increased from 3¼% to 5%, resulting in an increase of over $50,000 on this account. Consequently the company need only show a surplus of some $184,000 for 1936 to equal the 1935 earnings record. It is expected that some increase above $184,000 may be shown in the surplus for the year.

Dividends are not in sight yet for the company's shares, as these cannot be paid until net current assets reach $3.5 millions. In 1935, the net current assets were $2.8 millions and an increase is expected in 1936, but not enough to make dividends possible.

Preliminary figures used to indicate earnings for 1936 are subject to audit but include full provision for depreciation, income tax and increased allowances for maintenances and repairs to plants.

Price Bros. Capital Set-Up Detailed for March 1 Meet

From Our Own Correspondent

MONTREAL.—Particulars of the new capital set-up of Price Bros. & Co. are announced concurrently with the notification that two special general meetings of shareholders will be held on March 1 next.

The present capital structure consists of $11,061,600 of 6% first mortgage bonds; 62,843 6½% cumulative sinking fund preferred shares of $100 par value and 426,832 shares of common stock, $100 par value.

According to the plan of reorganization, the company will issue $15 millions of first mortgage bonds, the total authorized issue being $25 millions.

The initial issue of $15 millions will be dated as of March 1, 1937, and will bear interest at rates to be determined by the directors. Of the bonds to be issued, $500,000 will mature in two years; $500,000 in three years; $500,000 in four years; $750,000 in five years; $750,000 in six years and $12 millions in 20 years. The bonds will be payable in Canadian funds, except for such part as the directors may decide to make payable in sterling.

There will be, further, an issue of $4,268,300 second mortgage 4% convertible debentures.

Offer Debenture Rights

The debentures have been offered to the common shareholders on record Jan. 3, 1937, on the basis of $10 principal amount of debentures for each common share held, at a price of $98 for each $100 of debentures, with interest accrued from March 1, 1937. The right of subscription will be exercisable until March 15.

The debentures will mature on March 1, 1957. At any time up to and including March 1, 1947, the debentures will be convertible into common stock on the basis of one common share for each $30 principal amount of debentures. On and after March 1, 1942, they will be redeemable in whole, but not in part, on any interest payment date at par and accrued interest upon 60 days prior notice.

The capital stock will consist of 62,843 authorized shares of 5½% redeemable preferred stock of $100 par value each, cumulative from Jan. 1, 1939, all to be issued.

The preferred will be redeemable at any time at par plus accumulated dividends on 30 days notice. They will also be redeemable by purchase in the open market, by tender or by private contract. The preferred shareholders will have no voting powers before Jan. 1, 1939, and after that date only if two consecutive quarterly dividends are in arrears.

The common stock will consist of 679,084 authorized shares of no par value, of which 536,807 shares will be issued at once, the balance being available for conversion of debentures or other purposes.

Reduce Common's Value

Preparatory to this conversion into common shares, the old shares are to be reduced from $100 par value each to $40 par value each.

For each share of common stock presently held, the shareholders will, in effect, receive one new share of common stock without par value. The holder of each of the present preferred shares will receive, in addition to one share of new preferred, one and three-quarter shares of new common stock.

No dividends will be declared or paid, nor will debentures or preferred stock be retired, when the working capital of the company is less than $5 millions, or would be reduced below that by such payment.

Forgotten Bond Venture Brings Home the Bacon

From Our Own Correspondent

MONTREAL.—The "Company of Adventurers Trading in Forgotten Bonds" passed out of existence on Jan. 20. There was no moaning at the bar, for each member received $33.10, including the original $10 investment.

Back in the days when depression was sweeping over the land, these adventurers banded together to take a fling in "forgotten bonds." The company was comprised of members of the Montreal bond trading fraternity.

The aim of the company was not to purchase high-grade securities, but to take an interest in those which were down at the heels, kicked from pillar to post, and without a friend.

The bonds purchased by the group were not quite as good as some of those bought by investment trusts under expert guidance, but the results achieved point to this happy investment moral: "Buy 'em When They're Low, Sell 'em When They're High."

Here is the record of purchases by the company of adventurers trading in forgotten bonds as reported by the governors:

$1,000 Russian Imperial Government 5½%, due 1921—Cost $18.75, sold $10.64.

$1,000 Republic of Bolivia 7%, due 1969—In 1935 bought one for $40, and last week, thanks to the good efforts of President Roosevelt, sold it for $122.20.

$1,000 Department of Antioquia, Colombia 7%, 1945—Paid $88.75. Again thanks to Emissary Roosevelt, liquidated at $189.69.

$1,000 Chicago & Eastern Illinois 5%, 1961—Cost $63.75; sold at $354.29.

$1,000 Chicago, Milwaukee, St. Paul & Pacific and All Points West 5%, Jan. 1, $2,000—Cost $35; sold $100.54.

$1,000 Fonda Johnstown & Gloversville R.R. 4%, 1982—Cost $50; sold for $38.40.

$1,000 National R.R., of Mexico 4%, 1951—Supposed to be a $1,000 bond, bought for $33.75 and sold for $38.04.

$1,000 Munson S. S. Lines 6½%, 1937—Cost $25, sold $126.79.

$1,000 Peoples Light & Power 5%, 1979—Bought for $23.75; sold for $264.29.

$1,000 Havana Electric Ry. 5½%, 1951—Paid $55 in 1935, sold for $33.05 in 1937.

$1,000 American Community Power 5½%, 1953—Cost $25, sold at $164.54.

$1,000 Consolidated Gas Utilities 6½%, 1943—Gas wells in Arkansas, bought at $62.50, rose to $490, sold at $289.21.

$1,000 Camaguay Sugar Co. 7%, 1942—Cost $50, sold $366.79.

The P. and L. Account

A statement of receipts and expenditures follows:

	$
Receipts	
Membership fees	640.00
Sale of securities	2,108.99
	2,748.99
Expenditures	
Cost of securities purchased	
Sundry expenses	570.00
Commissions, stamps, sweep-stake tickets, etc.	87.39
Distribution of benefits	2,091.60
	2,748.99

Quebec Power Earnings Higher

From Our Own Correspondent

MONTREAL. — Quebec Power Co.'s financial statement for 1936, it is understood, will show an appreciable increase in earnings on the capital stock, probably amounting to $1.40 a share as against $1.07 in 1935 and comparing with the current dividend rate of $1 a share.

The quarterly statements issued by the company up to the end of September last indicated a steady improvement. No major change took place in the company's finances during the past year. The increased revenues undoubtedly made for a larger surplus, after dividends, which would tend to increase working capital.

European Electric Corp. To Vote on New By-laws

MONTREAL.—European Electric Corp. of Canada called a special meeting of shareholders on February 10 to consider by-laws adopted by the directors.

The first by-law provides for reduction in the company's capital by paying off the 85,738 shares of class A common stock owned by Italo-Belge Co. for Electric and Public Utility Enterprises (CIBE). Shares of this subsidiary, having an aggregate par value equal to the shares of the European Electric which it is proposed to pay off, are to be surrendered to the subsidiary.

A by-law will also be presented authorizing payment of stock dividends.

Chester Light and Power Calls Mortgage Bonds

From Our Own Correspondent

MONTREAL.—Chester Light & Power Co., subsidiary of Nova Scotia Light and Power Co., has called for redemption on March 1, all outstanding 6% first mortgage 20-year sinking fund bonds.

Zimmerknit Earns More

Expansion in Sales to Be Reflected in 1936 Profits

Improved business volume of Zimmerknit Co. Ltd. in 1936 will be reflected in higher profits for that year, when the company's annual report makes its appearance, The Financial Post understands. Earnings in 1935 were equal to $7.71 per share on the preferred and two cents a share on the common.

Expansion in sales and manufacturing operations of the company will probably result in bank loan figures above the $144,442 reported at end of the last fiscal year, since manufacturing commitments for raw materials are necessarily placed earlier in the season in a period of expanding sales and orders on hand. Indications are that the company is currently experiencing the same upward trend of business that characterized operations in 1936.

Arrears Are Paid

Declaration of two dividends totalling $7 a share on the preferred foreshadowed the improved profit results which The Financial Post understands will be shown in the annual report. The effect of the double-dividend declaration last week was to clear up all arrears on the stock to the end of 1936. Included in the $7 payment to be made Feb. 15 to shareholders of record Jan. 28 were those due Aug. 1, 1936, amounting to $3.50 and the $3.50 due on Feb. 1, 1937. The last previous payment was $3.50 on Sept. 1, 1936.

The company earned its preferred dividend requirements of $7 per annum in 1934 and 1935, but paid only $3.50 a share in each year.

The company manufactures underwear, hosiery and knit goods, bathing suits and other products at Hamilton and Woodstock, Ont.

Loblaw Sales At New High

Profits for Four Week Period Are Best in History

Reflecting marked improvement in Christmas trade, Loblaw Groceterias Ltd. reports that sales for the four weeks ended Jan. 9 were higher than for any similar or corresponding period in its history Sales for the four weeks totalled $1,887,555, an increase of $262,101 or 18.39% over the corresponding period of last year. The previous high in sales for a four-week period was $1,565,623 for the period ended Jan. 11, 1930.

Sales for the eight four-week periods ended Jan. 9, 1937, total $11,228,631, an increase of 15.20% over the $9,747,230 reported for the period ended Jan. 8, 1936. This compares with sales of $11,379,977 in the eight periods ended Jan. 11, 1930.

Profits Show Increase

Profits of $110,726 for the four weeks ended Jan. 9 also mark a new high, the previous high being $104,189 for the four weeks ended Dec. 13, 1930. Profits in four weeks ended Jan. 8, 1936, were $92,893.

Profits for the period from June 1, 1936, to Jan. 9, 1937, total $550,566, an increase of $71,492 or 14.9% over the corresponding period ended Jan. 8 last year. In the eight periods ended Jan. 11, 1930, profits amounted to $638,001.

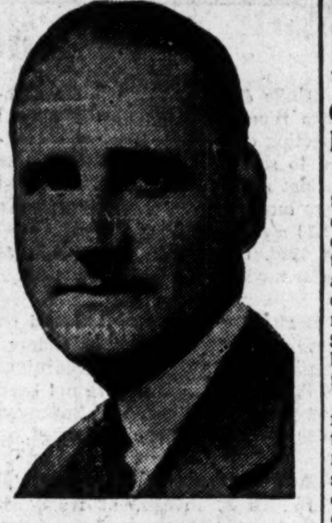
Canada Steamship Lines Calls Debenture Stock

From Our Own Correspondent

MONTREAL.—As part of its recapitalization plan, Canada Steamship Lines has called for redemption all of its outstanding 5% first mortgage debenture stock and bonds at 105 and accrued interest, payment to be made on Aug. 15, 1937. The last date on which interest will be paid is Aug. 15, but the company has expressed its willingness to pay 105% at any time prior to the final date.

The amount of debenture stock and bonds now outstanding is approximately $2,153,000.

No new financing will be undertaken by the company in connection with this refunding operation.



NEW CURB MEMBER

Clarence E. McKenna, partner in O'Brien & Williams, Montreal stock brokers, who has been elected a member of the Montreal Curb Market.

Union Gas Co. Profits Jump

Earnings in First Nine Months Are Up 164%

Union Gas Co. of Canada and its wholly-owned subsidiaries, Windsor Gas Co. and City Gas Co. of London, report a sharp increase in net earnings after depreciation but before income taxes, for the nine months ended Dec. 31, 1936. Net earnings for the period totalled $262,706, compared with $99,397 in the corresponding period of 1935.

The increase of 164% in earnings for the nine-month period indicates that there was a marked improvement in the company's business in the last quarter of 1936. In the first six months of the fiscal year, which ended Sept. 30, 1936, the company reported a net loss of $19,341, compared with a profit of $11,333 in the same period of the previous year.

London Sales Up

The rise in earnings is due largely to the sale of natural gas in the London area for heating purposes. This market was changed to natural gas in Oct., 1935, and benefits arising therefrom were realized only to a limited extent in the first nine months of the year ended March 31, 1936. Company officials point out that because of this it is not expected that earnings in the remaining quarter will show an increase proportionate to that in the first nine months. However, the number of heating consumers served in the London market is considerably higher than a year ago.

It is also pointed out that the company's earnings are affected to a considerable extent by weather conditions. Last year the company benefitted from extremely cold weather in January and February. This year, however, the weather has been milder.

Connors Bros. Calls in Bonds

New Brunswick Packer to Pay Off Balance of 6½'s on May 1

From Our Own Correspondent

MONTREAL. — Connors Bros., of Black's Harbor, N.B., one of the world's leading packers of sardines, has called for redemption on May 1 next, all outstanding 6½% first mortgage bonds at par and a premium of 5%, together with accrued interest to the date of redemption.

No financial statement has been made public by the company for several years, but it is understood that first mortgage bonds now outstanding amount to around $100,000.

No information is available as to whether or not the company will refinance this redemption, but as the company's financial position is reported to be strong, it is possible that the bonds will be redeemed from the company's own resources.

Richmond, B.C., finished 1936 with a surplus of $5,600. Debenture debt was reduced during the year by $147,000, the funded debt at the end of the year amounting to $1,189,900.

Bread B

Yielding 4.3% Canada Bread Issue Has Participation

Canada Bread B preferred is getting some investment attention because of the recent commencement of regular payments of the cumulative dividend of $2.50 a share annually. Of this dividend, the yield is over 4.3% at $58 a share. This does not take into account arrears of $2.62½ a share which must be paid before the common shares are entitled to dividends.

There is an unusual participation feature between the B preferred and the common. After payment of arrears and $2.50 a share on the 25,000 shares of B preferred, the 200,000 common shares are entitled to 10 cents a share before further disbursements. Then the B preferred gets eight cents a share for each additional one cent a share distributed on the common.

By this arrangement the actual amount of money that may be paid under the participation is the same for the 25,000 B preferred as a class, as for the 200,000 common shares. For $2,000 disbursed to the common, $2,000 would be paid to the B preferred.

In the last year, that ended June 30, 1936, earnings were equivalent to $2.87 a share on the B preferred, taking the participation provisions into consideration. On the same basis, they amounted to 15 cents a share on the common.

Under the participation arrangement, any increase in earnings per share must be eight times as great for the B preferred as for the common. That is, for an increase of 10 cents a share in earnings on the common there would have to be a rise of 80 cents a share on the B preferred.

The market price for the B preferred, approximately $58 and about $10 a share for the common appears to reveal a discrepancy. Dividends of 40 cents a share would have to be paid on the common to give a 4% yield. If this were effected ultimately, the corresponding payments on the B preferred would have to be $4.90 a share, which would yield over 8% on the current price, without considering that the arrears of $2.62½ a share would also have to be paid on the B preferred. Such payments are not in prospect at present, but the figures illustrate the discrepancies.

As noted in The Financial Post last week, this makes it appear that the common shares are too high in relation to the B preferred, or else that the latter are too low. Since the company plans to use earnings for reduction of its bonds as rapidly as possible before they mature in 1941, well-informed persons appear to regard the common as somewhat too high from the investment viewpoint. On the other hand, some investment dealers regard the B preferred as reasonably priced because of the improvement in earnings in the last two years.

Royal Securities Corp. Finances Toronto Carpet

MONTREAL.—Refinancing of the bonded debt of Toronto Carpet Manufacturing Co. will be carried out by Royal Securities Corp. The company has already notified holders of the 6% 20-year sinking fund bonds series A that the issue will be paid off at par together with a premium of 3% on March 1.

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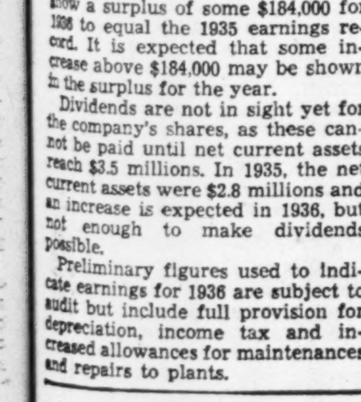

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Investment Trends

Fears of Relapse Overhang Markets

Increase in Public Speculation Topic For Warnings Over Stock Market Possibilities—Business Outlook Continues Favorable

A well-informed dealer in stocks describes the technical position of the market as strong because he receives substantial buying orders when there are small recessions in prices. British investment, he says, is an increasing influence for strength in Canadian stocks. However, this does not allow for the increase on brokers' loans representing shares held for speculative accounts which are subject to liquidation.

Fortunately, the volume of stocks available for quick liquidation is still modest in comparison with 1929 standards, but it is questionable whether in recent weeks common shares have not been transferred to comparatively weak hands.

Basic economic conditions, particularly the lag in construction, indicate there is still ample room for extension of the business recovery. While this augurs well for stock prices for the long run, it does not preclude irregularity or even weakness in the months immediately ahead.

Final returns indicate sharply improved retail sales in January.

Trend Obscure

THE position of stock markets in relation to the intermediate trend of prices remains unclarified. Railway shares in New York have continued to lag, and market analysts regard this as an indication of possible weakness in industrials. Consequently caution is advised in making new purchases of common shares even though confidence continues in the longer term outlook for stock prices.

The Montreal Stock Exchange index for industrials has been strong above 110, but the Toronto Stock Exchange industrial average has remained below 170. In New York there has been a conflict with the Dow-Jones industrial average at approximately its peak for the past year and rail shares about 10% below the former high established last October. It is believed possible for industrial shares to make new highs while railway stocks approach former peak levels. But until greater strength is shown by the rails the trend of prices is regarded as obscure.

* * *

Possibilities

CHARLES J. COLLINS, noted interpreter of the Dow theory of fluctuations in share prices on the New York Stock Exchange, places the possible extent of recession—as a full "correction" of the advance since March, 1935—at about 20% of the recent highs for market averages. If this sort of recession were to occur, and it is still doubtful, it might carry the Montreal Stock Exchange average down to about 90 and the Toronto Stock Exchange average down to about 135.

It is important that there is a large volume of potential investment buying underneath present stock prices, which is shown by the predominance of unfilled buying orders at prices below the market in stock brokers' order books. While this would not prevent substantial recessions from developing, it promises orderly absorption of any probable liquidation, and it indicates support for higher prices in the long run.

* * *

Newsprint Outlook

THERE is fairly general agreement that the price of newsprint should advance. There is some difference of opinion, however, on the desirable extent of the rise. Some authorities suggest $45, others $47 to $50 a ton, delivered. The inference is that the price of $42.50 delivered, for 1937, does not provide satisfactory returns on the capital invested in the industry. In fact, Charles Vining, president of NEMAC, comments that the 1937 rise of $1.50 a ton will be largely absorbed in rising costs. But he also points out the advantages of the large volume of production and the possibilities of better prices.

While the best long-term interests of newsprint firms may not be served by sharp increases in the price of paper, it seems probable that strong forces will seek the biggest possible advance for 1938. This gives a favorable cast to the near-term outlook for newsprint securities.

One of the most striking developments in newsprint investments has been continued purchases of securities in the past year by British investors. Canadians have also grown optimistic and have acquired newsprint shares rather indiscriminately. Apparently a substantial portion of former American investment interests has got into Canadian and British hands. Britishers have been buyers of Consolidated Paper, Price Bros. and Abitibi issues. American capital appears to have missed a good deal of the recent profits in newsprint securities although New York has done well with Abitibi bonds.

Some interest is being shown in Consolidated Paper bonds, ex stock, as well as in bonds, cum stock. At about 90, each $100 of bonds is entitled to 1.5 shares, worth about $26, so the shares can be sold and the bond retained at a price of about 64. There would be no income for three years, but this does not deter some heavy income taxpayers from taking an interest in the non-paying bonds.

* * *

C.P.R. Ordinary

LONDON appears to have a higher opinion of C. P. R. shares than do Canadian markets. British investors have become fairly optimistic about investments in securities of well-managed Canadian companies and naturally tend to buy shares that are well-known in London. C. P. R. ranks among the first of these and some British buying in the shares has developed, but Canadian holders appear willing to sell following any sizable rise.

Comparatively few Canadian stockbrokers recommend purchase of C. P. R. ordinary shares. An investment trust man says he would be inclined to hold the stock if he owned any, but not being a holder would prefer to buy other types of common shares with more spectacular possibilities. A stockbroker who feels fairly favorable to C. P. R. has nevertheless liquidated the shares on the recent rise. An investment dealer expresses doubts about the shares because he thinks the railway will have to make large expenditures for equipment and maintenance and will have no money for common dividends for a long time. Large blocks of the shares have been sold by American investment trusts in recent months.

* * *

Good But Careful

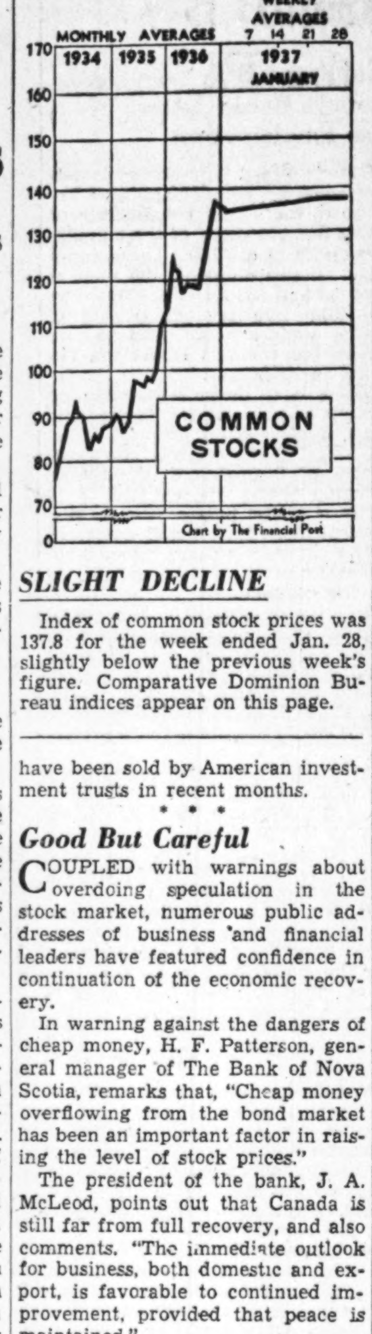
COUPLED with warnings about overdoing speculation in the stock market, numerous public addresses of business and financial leaders have featured confidence in continuation of the economic recovery.

In warning against the dangers of cheap money, H. F. Patterson, general manager of The Bank of Nova Scotia, remarks that, "Cheap money overflowing from the bond market has been an important factor in raising the level of stock prices."

The president of the bank, J. A. McLeod, points out that Canada is still far from full recovery, and also comments, "The immediate outlook for business, both domestic and export, is favorable to continued improvement, provided that peace is maintained."

These views are characteristic. Leighton McCarthy, president of the Canada Life Assurance Co., for instance, reiterates that low interest rates are conducive to speculation with consequent dangers of a new collapse, but that the ability to create new vast wealth is as great as ever. Dudley Dawson, general manager, and C. H. Carlisle, president of The Dominion Bank, point out that business should continue to improve, coupled with warnings that there are real problems ahead for Canada before we can afford to become extravagant.

The very need for warnings against speculative excesses because of prospective business improvement may indicate that such speculation is more likely to develop than not.



SLIGHT DECLINE

Index of common stock prices was 137.8 for the week ended Jan. 28, slightly below the previous week's figure. Comparative Dominion Bureau indices appear on this page.

Investment Notes

Hinde & Dauch—When the earnings report appears at the annual meeting on Feb. 10, it is not expected to show the same 25% increase in net profits reported for the first five months of 1936. Earnings were $1.28 a share in 1935, and improved in 1936, but are believed to have been modified by price changes.

* * *

Beatty Bros.—Some dividend on the class A shares is considered possible this year because earnings of the past two years have not been disbursed and because of improved business now being experienced.

* * *

Hudson Bay — Tri-Continental Corp., U. S. investment trust, acquired 10,000 shares of Hudson Bay Mining & Smelting in the final quarter of 1936. Another 10,000 shares of Hudson Bay were bought in the last half of 1936 by The Chicago Corp., another American investing company.

* * *

Wright-Hargreaves—Sale of all 10,400 shares is reported for the second half of 1936 by Chicago Corp.

* * *

C. P. R.—Sale of its 10,000 ordinary shares is reported by Chicago Corp. in the last half of 1936.

* * *

International Nickel—Sale of 5,000 shares in the last three months of 1936 is reported by Incorporated Investors, American investment trust. However, the trust still held 40,000 shares at the end of the year.

* * *

Shawinigan — Earnings on the common stock last year showed a decline of about 14 cents a share from that reported in 1935. The improvement experienced by the company last year is better shown by net working capital, which showed a net gain equivalent to almost $1 a share on the outstanding common stock.

* * *

Catelli Food Products—The cash disbursement of $2.50 a share on the preferred stock, made by the company last June, is not taxable income for the recipient. A definite ruling to this effect has been given by the Department of National Revenue.

* * *

Nickel, Noranda—Purchase of 500 shares of Nickel and 5,000 shares of Noranda in 1936 is reported by American International Corp., U. S. investment trust. Purchases of 200 shares of both Nickel and Noranda is reported for the final quarter of 1936 by American General Corp.

Canada Steamship—Completion of legal details will probably delay issue of new securities under the reorganization plan adopted recently. It may be May or possibly June before the new certificates will be issued. Meanwhile settlement of transactions in new securities, traded on an "if, as and when issued" basis, is deferred.

* * *

Corporate Investors—This Toronto investment trust shows a slight increase in holdings of preferred stocks and a slight decrease in its government and municipal bonds in the last two months of 1936. Some 65% of assets were in common shares at Dec. 31. Changes in holdings in November and December were:

Preferreds added: United Fuel, Blue Ribbon, Int. Metal Industries.

Preferreds increased: Can. Wirebound Boxes A, Dominion Coal, Howard Smith, Toronto Elevators.

Common stock added: F. N. Burt.

Common stocks increased: Cons. Mining & Smelting, International Nickel, Hudson Bay Mining & Smelting, Canadian Westinghouse, International Petroleum, Andian National, Cosmos Imperial Mills.

* * *

Bell Telephone — Stock of this company registered a sharp advance in value during the week. Ordinarily there is very little fluctuation in market value. The current move is attributed to an unofficial report that the company intends to raise the dividend from $6 to $7 a share.

* * *

Beauharnois—There are reports of a sale of a large block of power, but this is hardly in line with the views expressed by the president over the prospects of new markets and also by the fact that the bonds have not shown any change in value. The filling of a large order is probably the best explanation of the strength in the stock.

* * *

Canadian Pacific—Reports to the S. E. C. show that the C. P. R. owned 61% of the voting control of Associated Screen News and 66.8% control of the Vancouver Island Transportation Co. The former produces films and distributes them throughout Canada, while the latter has exclusive operating rights on Vancouver Island.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach and equip. 8	Pulp and paper 6	Milling 4	Oils 4	Textiles and clothing 10	Food and allied prod. 13	Beverages 7	Bldg. mater. 14	Indust. mines 2	Total industrials 68	Total utilities 19	Total co's 96
1929-35:*												
High	†100.0	113.4	273.4	423.5	113.5	197.8	205.4	†100.0	†100.0	317.6	166.0	232.6
Low	....	2.8	37.7	83.6	28.0	72.1	28.5	....	....	49.3	33.1	40.9
Monthly Figures, 1936:												
Jan.	118.2	18.6	80.0	231.0	75.5	153.6	151.7	127.3	387.2	187.7	52.4	117.8
Feb.	125.0	20.2	84.3	241.5	74.0	158.7	151.7	135.4	418.2	200.0	57.0	126.1
March ..	122.2	18.5	88.7	237.3	73.1	153.0	140.1	131.7	416.3	194.8	55.5	122.8
April ...	114.5	17.5	91.0	244.5	71.3	150.7	131.7	134.1	401.8	194.2	53.2	121.4
May	108.0	16.7	87.3	234.0	68.1	145.7	131.4	128.6	394.8	187.9	52.5	117.9
June	106.3	17.5	86.5	228.1	67.4	149.2	129.3	131.0	417.8	189.3	53.3	119.0
July	102.4	18.6	87.0	224.3	66.8	153.9	131.6	137.2	428.5	190.1	53.8	119.6
Aug.	103.0	18.0	89.9	218.9	68.0	157.1	135.7	142.5	444.2	191.4	53.1	119.9
Sept.	113.6	20.3	93.9	220.6	70.6	162.5	133.2	149.7	488.1	200.6	54.8	125.2
Oct.	127.3	24.4	101.9	232.5	73.4	171.7	135.6	162.6	519.3	212.3	59.8	133.4
Nov.	140.4	27.5	107.0	233.4	74.4	179.6	143.6	178.3	546.2	219.9	62.4	138.4
Dec.	139.4	29.7	112.5	215.4	73.5	182.3	145.3	181.9	540.0	212.8	62.8	129.2
Weekly Figures, 1937:												
Jan. 7 ..	149.6	35.2	114.1	228.7	75.2	183.3	140.5	194.8	546.9	221.0	67.6	136.1
Jan. 14 ..	150.8	36.7	115.4	230.1	76.5	184.1	141.3	196.9	553.9	222.6	68.8	137.7
Jan. 21 ..	160.0	38.6	120.3	230.1	78.8	184.4	141.4	199.4	548.5	222.8	69.2	138.1
Jan. 28 ..	162.8	38.6	123.0	229.0	78.9	185.2	141.1	198.0	544.3	221.9	69.2	137.8

*High and low of years from 1929 to 1935 inclusive are based on weekly figures Compiled from figures issued by Dominion Bureau of Statistics.
†1926.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Feb. 2	169.84	167.02	198.12
Feb. 1	168.80	165.66	198.43
Jan. 30	168.19	163.87	196.03
Jan. 29	168.35	161.40	193.84
Jan. 28	168.19	160.87	194.02
Jan. 27	167.56	162.14	194.91
Month ago ..	165.04	158.08	198.67
Year ago	139.61	135.63	136.73
High, 1937 ..	171.25	167.02	201.76
Low, 1937 ...	163.39	156.48	193.84

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Feb. 2	88.5	112.3	104.4
Feb. 1	87.4	112.8	104.3
Jan. 30	87.1	113.6	104.8
Jan. 29	87.6	112.2	104.0
Jan. 28	88.0	112.3	104.2
Jan. 27	87.7	111.1	103.3
Month ago	86.2	108.8	101.3
Year ago	70.2	74.8	73.2
High, 1937	90.1	114.0	105.7
Low, 1937	86.2	107.8	101.3

Chats Falls Power Deal Is Expected

Ottawa Valley Company Could Sell Plant to Hydro

Renewal of negotiations between the Hydro-Electric Power Commission of Ontario and Ottawa Valley Power Co. is expected to lead to some settlement of the litigation that has arisen over cancellation of the company's contract to supply power to the Hydro.

It is believed that sale to the Hydro of the company's half of the plant at Chats Falls on the Ottawa River is a possibility. The half on the Ontario side of the river belongs to the Hydro which developed the site jointly with the company. Under one contract, the Hydro acted as the company's agent in operation of the plant. The Hydro was the sole customer for the company's power output.

Under the new contract between the Hydro and Gatineau Power Co., the Ontario Commission has an opening to purchase more power from Ottawa Valley Co. In one clause of the new Gatineau contract, the Hydro Commission agrees that it will purchase from Gatineau all power taken from Quebec sources except 40,000 h.p. bought from Maclaren-Quebec Power Co. and except such power as may be taken from the Quebec side of the Chats Falls plant (Ottawa Valley Power Co.).

Purchase Possibilities

Entirely unofficially, it is pointed out that the Hydro could probably buy the Ottawa Valley Power half of the plant at a much lower outlay than was involved in the power contract. The Hydro was purchasing 96,000 h.p. from the company at $15, a total annual outlay of some $1,444,000. The securities of Ottawa Valley Power consist of $9 millions of 5½% first mortgage bonds, $1.5 million of 6% debentures and 50,000 common shares, valued at a total of approximately $13.5 millions.

If the Hydro were to buy the plant for $13.5 millions by issuing its own 3½% bonds, and writing off the entire investment over 30 years, the total annual charges would be approximately $925,000. The saving would be over $500,000 annually, only a minor part of which would be necessary for operating expenses.

Under present circumstances, such a settlement would probably be acceptable to the company and it would give the Hydro its power at a reduced cost in comparison with the old contract. The recent legislation outlawing the Hydro from court judgments, however, is viewed as a bludgeon over the head of the power firm to force settlement virtually on the Hydro's terms.

Power Requirements

The Ontario Municipal Electric Association is now concerning itself with the possibilities of additional power requirements. One resolution presented this week at the Association's meeting in Toronto proposed judicial investigation of the power situation, and another asks provision be made for adequate supplies of power for future needs without imposing a burden on Hydro municipalities and consumers.

Hon. Arthur W. Roebuck, Ontario Attorney-General, stated after a recent meeting with representatives of Ottawa Valley Power Co. that there is no expectation of an immediate settlement of the contract situation but "there are possibilities." In view of the provision enabling the Hydro to deal first with Ottawa Valley Power Co., it is believed that this company has the best chance of making a new deal.

Shortage Predicted

Harrison & Co., Toronto investment firm, has prepared a memorandum analyzing the power situation in the Niagara system of the Ontario Hydro.

The memorandum suggests possibilities of a power shortage in southern Ontario and concludes:

"1 That on the basis of the indicated trend in power demand, the reserve of 120,000 h.p. now held by the Hydro with Gatineau Power Co. will be called into use by the close of this year, unless some arrangement is made with the Ottawa Valley Power Co. during the current year, and that in any case further power supplies will be needed for 1938 and thereafter.

"2 That an aggressive sales campaign throughout the province by the Hydro could conceivably increase the peak load by 200,000 to 300,000 h.p. during the next few years; a campaign to 'use more power' in Ontario would probably result in cheaper power and a more prosperous 'Hydro.'

"3 That the lowering of voltage at peak periods is questionable economy.

"4 That further power contracts will have to be made with the Quebec power companies because additional power sites in southern Ontario are practically nonexistent with the exception of the possible development of further power on St. Lawrence and Niagara Rivers, which have already been under unsuccessful consideration for years and even if proven feasible require international agreement.

"5 That the underlying security (that is, consumption of power) behind the securities of the affected companies is steadily improving."

Disher Steel To Show Gain

First Net Profit Since 1931 Expected—Business Up

Disher Steel Construction Co. is expected to show net earnings before depreciation of over $20,000 for the year which ended Dec. 31, 1936, as compared with $3,528 for the previous year. After full depreciation which will probably be in the neighborhood of $18,000 a small net profit is expected. This will be the first net profit since 1931 when almost $15,000 was reported.

Arrears on the $1.50 class A preferred stock amount to $6 per share and while nothing is expected to be paid on these shares out of profits in the year just closed, in view of the continued improvement in the company's business some payment is possible during the current year.

Business is understood to have made substantial gains in 1936 with this gain continuing into the current year. Volume of work on hand in January is reported to have been very much higher than a year ago. Working capital of Disher Steel last year was reported at over $70,000 and this position is understood to have been improved.

Public Utility Earnings

Brazilian Traction

December:	1936 $	1935 $	Increase $
Gross earn..	2,915,342	2,389,183	526,159
Oper. exps..	1,305,391	1,205,916	99,475
Net earn. ..	1,609,951	1,183,257	426,684
12 mos. end. Dec. 31:			
Gross earn..	32,197,610	30,221,757	1,975,853
Oper. earn..	14,507,503	14,144,485	363,018
Net earn. ..	17,690,107	16,077,272	1,612,835

Jamaica Public Service

December:	1936 $	1935 $	Increase $
Gross earn...	85,517	85,280	237
Net earn. ...	40,451	38,805	1,636
Surp. after charges ...	32,178	30,183	1,995
12 mos. end. Dec. 31:			
Gross earn...	875,425	859,397	16,027
Net earn.	345,754	350,575	*4,821
Surp. after charges . .	242,466	247,638	*5,172

*Decrease.

Southern Canada Power Co.

	—December— 1936 $	1935 $
Gross earnings	193,196	181,695
Operating expenses ..	77,437	70,014
Net earnings	115,759	111,681
3 Mos. end. Dec. 31:		
Gross earnings	577,627	551,110
Operating expenses ..	236,830	217,653
Net earnings	340,797	333,457

East Kootenay Power Co.

	—December— 1936 $	1935 $
Gross earnings	39,637	35,389
Operating expenses ..	19,308	13,502
Net earnings	20,329	21,887
9 Mos. end. Dec. 31:		
Gross earnings	347,791	333,978
Operating expenses ..	121,064	105,458
Net earnings	226,727	228,520

Railway Earnings

Canadian Pacific Railway

December:	1936 $	1935 $
Gross earnings ...	12,253,202	11,581,266
Working exps. ...	8,711,395	8,275,252
Net earnings	3,541,807	3,306,013
From Jan. 1.		
Gross earnings ...	138,562,762	129,678,904
Net earnings	23,311,110	22,397,523

Dividends Declared

	This payment	Date payable	Date of record
Agnew-Surpass ..	20c	Mar. 1	Feb. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Assoc. Tel., 1st pf...	42c	Feb. 15	Jan. 25
Do., 7% pfd.	49c	Feb. 15	Jan. 25
Bk. of Montreal ..	$2	Mar. 1	Jan. 30
Bank of Toronto ..	$2.50	Mar. 1	Feb. 15
Buffalo Ankerite ..	12½c	Feb. 15	Feb. 1
Banque Can. Natle.	$2	Mar. 1	Feb. 15
Borden, com.	40c	Mar. 1	Feb. 15
Can. Vinegars	30c	Mar. 1	Feb. 1
Can. Converters ..	50c	Feb. 15	Jan. 30
Can. Ind. Alcohol, A, B	†	....	Feb. 1
Can. Bk. of Com. .	$2	Mar. 1	Jan. 30
Can. Cement, pf. ..	*$1	Mar. 20	Feb. 28
Crown Cork	20c	Feb. 15	Jan. 30
Commonwealth Int'l	4c	Feb. 15	Jan. 15
Do., extra	1c	Feb. 15	Jan. 15
Corp. Investors	5½c	Feb. 15	Jan. 30
Cosmos Imp., c. ...	25c	Feb. 15	Jan. 30
Canadian Oil	12½c	Feb. 15	Feb. 1
Do., pref.	$2	Apr. 1	Mar. 20
Coast Brew.	27c	Feb. 1	Jan. 18
Dom. Bridge	30c	Feb. 15	Jan. 30
Dome Mines	50c	Apr. 20	Mar. 31
Do., extra	$2	July 20	June 30
Dom. & Anglo Inv., pf.	$1.25	Mar. 1	Feb. 15
Do., arrears	$1.25	Mar. 1	Feb. 15
Gurd, C., pf.	$1.75	Feb. 15	Feb. 1
Inter. Nickel, c. ...	50c	Mar. 31	Mar. 1
Laura Secord	75c	Mar. 1	Feb. 15
Kelvinator, pfd. ..	$1.75	Feb. 15	Feb. 5
Lake of Woods ..	$1.75	Mar. 1	Mar. 15
Loblaw Groc., A, B	25c	Mar. 1	Feb. 12
McIntyre Porc.	50c	Mar. 1	Feb. 1
Mitchell, J. S., c. .	$2	Mar. 1	Feb. 16
Model Oils	3c	Mar. 2	Feb. 6
Macassa Mines	5c	Mar. 1	Feb. 13
McColl-Front., c. ..	20c	Mar. 15	Feb. 15
Monarch Knit, pf.	$1.75	Apr. 1	Mar. 15
Nat. Biscuit, pf. ...	$1.75	Feb. 27	Feb. 11
Do., com.	40c	Apr. 15	Mar. 12
Nipissing Mines ...	25c	Feb. 20	Feb. 5
Ont. Steel, pref. ...	$1.75	Feb. 15	Jan. 30
Do, extra	$2	Feb. 15	Jan. 30
Penman's	75c	Feb. 15	Feb. 5
Paterson Wm., pf.	$1.75	Feb. 1	Jan. 20
Petrol. Oil & Gas..	2c	Mar. 1	Feb. 15
Do., bonus	2c	Mar. 1	Feb. 15
Photo Engravers...	50c	Mar. 1	Feb. 15
Quebec Power	25c	Feb. 15	Jan. 27
Royal Bank	$2	Mar. 1	Jan. 30
Rolland Paper	25c	Feb. 15	Feb. 1
Do., pref.	$1.50	Mar. 1	Feb. 15
Shawinigan W. ...	20c	Feb. 15	Jan. 20
South. Can. Pr., c.	20c	Feb. 15	Jan. 30
Sylvanite Gold ...	5c	Mar. 31	Feb. 15
Do, extra	5c	Mar. 31	Feb. 15
Toburn Gold	2c	Feb. 23	Jan. 22
United Corp. A .	*75c	Feb. 15	Jan. 20
Zimmerknit, pfd. ..	▲$7	Feb. 15	Jan. 28

*On arrears.
†One share Oldetyme Distillers for every five shares Candn. Industrial Alcohol.
▲Composed of $3.50 due Aug. 1, 1936, and $3.50 due Feb. 1, 1937.

Montreal Lists Pato

MONTREAL.—Pato Consolidated Gold Dredging capital stock has been called for trading on the Montreal Curb Market. The listing covers 2.7 million shares, of which number 200,000 shares are under option at $2.37½ a share, the options expiring on March 1, 1937.

Ford to Construct Saint John Plant

New Maritime Headquarters Building Will Cost About $225,000

Ford Motor Co. of Canada is planning a new building at Saint John, N.B., to house sales and service headquarters for the Maritime Provinces. The building and equipment will cost about $225,000. Construction is to start in the spring and it is expected that the building will be ready for occupancy before the end of this year.

In announcing plans for the new structure, Wallace R. Campbell, president of the company, predicted that Ford business in the Maritimes would grow substantially in the next few years. He based this on indications that general economic conditions and purchasing power in the provinces might be expected to improve substantially in the near future.

Mr. Campbell also stated that expanding motor car population in the Maritimes, due partly to general road improvements influenced the decision to build the new headquarters building.

Northern Telephone Co. Offers Refunding Issue

Northern Telephone Co., New Liskeard, has called its 6% first mortgage bonds for redemption on Mar. 1 at 102½. There is $158,000 principal amount of bonds outstanding.

Funds for redemption of the 6% bonds are to be provided by a refunding issue of $163,500 of 4%, 20-year serial bonds. The new issue has been underwritten by Bartlett, Cayley & Co., Toronto investment firm. The 1938-47 maturities are offered at par and the 1948-57 maturities at 99.

Ault & Wiborg Preferred is Listed in Toronto

The 5½% preferred shares of Ault & Wiborg Proprietary Ltd. were listed on the Toronto Stock Exchange this week. There are 5,500 preferred shares of $100 each which were recently distributed at par by Royal Securities Corp.

Quinte & Trent Valley Bondholders Will Meet

At a meeting to be held March 1 bondholders of Quinte & Trent Valley Power Co. are to be asked to further defer interest on the company's $679,800 of 6% first mortgage bonds to July 1, 1938.

A committee of bondholders is also to be appointed at the meeting with supervisory powers over operations of the company. The committee is to have authority to work out a reorganization of the company if it sees fit.

Leitch Stock Listed On Toronto Exchange

Stock of Leitch Gold Mines, developing a group of properties in the Jellicoe-Beardmore area, has been approved for listing on the mining section of the Toronto Stock Exchange, trading having started Feb. 1.

Leitch Gold Mines has an authorized capitalization of three million shares, par value $1, of which 2,799,905 were issued as at Jan. 26, 1937.

Municipal Bonds

	Rate	Due	Bid	Ask.	Yld.
†Halifax ...	5	1961	115.00	116.50	3.94
Hamilton .	5	1950	111.00	112.50	3.80
Montreal ..	5	1945	106.00	107.50	3.92
Ottawa ...	4½	1945	109.00	111.00	3.00
†Quebec ...	5	1959	104.00	106.50	4.53
Saint John	5	1950	107.50	108.50	4.19
†Toronto ...	4½	1955	112.50	114.50	3.42
†Vancouver.	5	1950	94.00	98.00	5.21
Winnipeg .	5	1944	98.00	102.00	4.67

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	4.75	5.10
Can. Invest. Fund	4.75	5.10
All Can. Trustee	15.50	15.75
Trans-Canada	...	15.40
Grouped Income	6.95	7.60
Can. Equity	13.50	...
Can. Int. Tr., modified	5.75	6.50
Do., unmodified	5.50	6.25

POWER PRODUCTION a Business Barometer

Production of power in Canada during 1936 reached an all-time high level, recording a gain of 8.9% over 1935. Power output is a barometer of business; increased production reflects the growing demand for energy in the pulp and paper industry, chemical and metallurgical works, textile plants, the mining industry and other business enterprises.

Operations of the subsidiary and affiliated companies of Power Corporation of Canada have been quick to reflect this greater demand for energy; production of the group for 1936 recorded an increase of 12.3% over 1935.

Active in widely diversified districts throughout Canada, the companies in the Power Corporation group are closely identified with improved industrial conditions in the territories served.

We recommend for investment the securities of the following companies:

Power Corporation of Canada, Ltd.
British Columbia Power Corporation, Ltd.
Canada Northern Power Corporation, Ltd.
Southern Canada Power Company, Ltd.
Winnipeg Electric Company, Ltd.

NESBITT, THOMSON AND COMPANY LIMITED
355 St. James Street West, Montreal
Branches in all the principal cities of Canada
4A

Canadian Corporations

During 1936 substantial improvement was experienced by Canadian public utility, industrial and transportation companies. Annual reports appearing since the end of the year reflect this progress in higher earnings and improved prospects for the current year.

Canadian corporation Bonds provide sound investments for those requiring regularity of income, together with adequate security.

We shall be pleased to forward a list of investment suggestions suitable for individual requirements.

Wood, Gundy & Company Limited
36 King Street West, Toronto. Telephone: Elgin 4321
Toronto, Montreal, Winnipeg, London, Eng. — Ottawa, Hamilton, Vancouver, London, Ont.

Prospectus and semi-annual report of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.
CALVIN BULLOCK, LTD.

CANADA STEAMSHIP LINES LTD.
We recommend 1st and General Mortgage Series A 6% Bond 1st October 1941 Price 71.75 flat
HANSON BROS. INCORPORATED ESTABLISHED 1883
255 St. James Street, MONTREAL
OTTAWA TORONTO

An Investment that gives you all of these ADVANTAGES

The shares of Commonwealth International Corporation Limited offer you—
1. Safety for your money
2. Adequate dividends
3. Ready marketability
4. Enhancement of value

. . . many shareholders have already enjoyed an appreciation of over 100%. Price approximately $4.50 per share.

CANADIAN ALLIANCE CORPORATION LIMITED
Royal Bank Building, Montreal

Notice to Holders of Debentures of Former Municipalities of Windsor, East Windsor (Ford City) Walkerville and Sandwich

The Protective Committees, formed by holders of debentures of the above municipalities, have sent out letters to debenture holders who have deposited their debentures with those Committees, advising them of the present position with regard to the Windsor Refunding. Copies of such letters may be obtained on application to the secretaries of the respective committees, as follows:—

Windsor—W. F. McIlroy, 302 Bay Street, Toronto, Ontario.
East Windsor—T. D. Delamere, 10 Adelaide St. E., Toronto.
Walkerville—W. F. McIlroy, 302 Bay Street, Toronto, Ontario.
Sandwich—W. S. McDonnell, 320 Bay Street, Toronto, Ontario.

It is the intention of the Protective Committees to make a full statement in the press at a later date of all negotiations and proceedings that have taken place in connection with the Plan.

The Debenture Holders' Protective Committees

The Power Situation

We have prepared a review under the above title which is of particular interest to all investors, especially those holding or considering investment in—

Gatineau Power Company — Maclaren-Quebec Power Company
Beauharnois Power Corporation — Ottawa Valley Power Company
International Hydro-Electric — Canadian Hydro-Electric Corp.

A copy of this booklet will be furnished gladly upon request.

Harrison & Company LIMITED
320 Bay Street, Toronto, Canada
HAMILTON Telephone Regent 3787 — TORONTO Telephone Waverley 1891 — LONDON Telephone Metcalf 2600

Bond Markets

Western Provinces Being Investigated

Survey Being Made of Finances of Manitoba and Saskatchewan — Government Bonds Decline in Price

An investigation into the financial affairs of Manitoba and Saskatchewan on behalf of the Dominion Government is being made by the Bank of Canada. The investigation is under the direction of Graham F. Towers, governor, and A. D. Skelton, chief of the research department, both of whom are in the West at the present time.

While no announcement has been made by the Dominion Government as to the purpose or extent of the survey, The Financial Post is informed that it will be of a factual nature with a view to determining the actual financial position of both provinces.

Following as it does upon appeals from these two provinces for assistance from the Dominion in straightening out their financial tangle, the investigation is viewed in financial circles as an indication that the Federal Government may reconsider its decision to let Manitoba and Saskatchewan "paddle their own financial canoe."

It is expected that the bank's report will be ready in about a month's time.

Gold Clause Decision

THE position of Canadian bonds payable in United States which carry a gold payment clause has been clarified without legislative action by Canadian governments abrogating the gold clause.

In a long-awaited decision concerning the United Kingdom 5½% gold bonds, the House of Lords, which is the last court of appeal in Great Britain, holds that payment may be made in present currency dollars rather than gold or its equivalent. This is a reversal of the decision of the Court of Appeals which caused so much uncertainty in Canadian bond circles late last year and forced the decision of the Dominion Government to invalidate the gold clause.

The decision of the House of Lords resulted in a spectacle seldom seen in the bond market, namely a decline of 25 points in the price of a bond only a few days removed from its maturity date. The day previous to the decision the United Kingdom 5½'s were quoted at 125, and following the decision dropped to 100 bid. 101 asked.

Despite this decision the Federal Government and the various provinces will go through with their plans to pass statutes abrogating the gold clause from Canadian bonds. This will exclude any possibility of holders of gold bonds payable in Great Britain or Canada demanding payment in gold. At the present time the gold clause is enforceable in Great Britain.

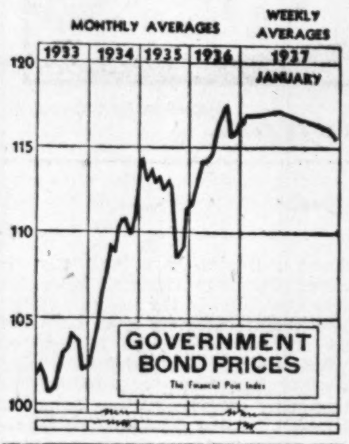
* * *

January Financing

BOND financing by Canadian governments—Dominion, provincial and municipal—in January totalled $196 millions, compared with $143.5 millions in the same month of 1936, according to Wood, Gundy & Co. Of the January, 1937, total, $111 millions was sold in Canada and $85 millions in United States. In January, 1936, $55.5 millions was sold in Canada and $88 millions in the United States.

While the total amount of financing is large, only a small amount represents new capital, namely $456,500, and all of this represents municipal financing. Financing by the federal and Ontario governments and the C.N.R. was for refunding purposes.

Corporation bond financing at $10.2 millions was considerably lower than in the same month of 1936.



Comparative figures of Government bond financing are given below:

Month of January	1937 $ 000's	1936 $ 000's
Dominion, dir. & gtd.	120,500	88,000
Dominion, treas. bills	55,000	55,000
Provincial	20,000	350
Ontario municipal	215	88
Que. & Maritimes munic.	191	70
Western municipal	100	....
Total	196,005	143,508

* * *

Market Declines

GENERAL weakness continues in the Government bond list, high grade issues declining sharply as a result of small demand.

While no one believes that monetary authorities intend to abandon their cheap money policy, many observers feel that a stage in the trade cycle has been reached where demand for new capital on the part of industry can be expected and that the Government will be unable to prevent a slight stiffening in money rates.

Strangely enough Alberta issues have recorded minor gains in the face of losses by Manitoba and British Columbia bonds. Saskatchewan bonds have been firm.

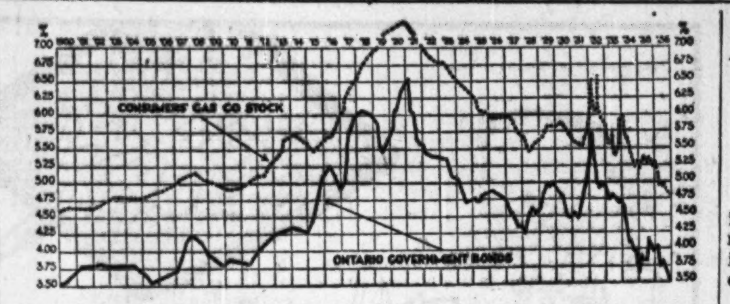
Consolidated Paper 5½'s have been the feature of the corporation list with a further gain of 6¼ points to 90½.

A number of corporation refunding issues are in the offing.

The trend of the high grade market is indicated below:

The Financial Post Index of Average Price and Yield of High-Grade Govt. Bonds

1937	Price $	Yield %	1936	Price $	Yield %
Feb. 2	115.33	3.174	Feb. 3	113.04	3.421
Feb. 1	115.39	3.168	Feb. 1	113.00	3.427
Jan. 30	115.53	3.154	Jan. 31	113.00	3.427
Jan. 29	115.64	3.149	Jan. 30	112.64	3.454
Jan. 28	115.64	3.149	Jan. 29	112.63	3.454
Jan. 27	115.68	3.144	Jan. 27	112.65	3.454
Year's	116.81	3.026	Year's	117.91	2.966
Range	115.39	3.168	Range	111.50	3.597



CLOSE RELATIONSHIP

Generally speaking there is close relationship between yields on fixed dividend securities and on high-grade Government bonds, the price of fixed dividend stocks rising when Government bonds rise and declining when Government bond prices fall This relationship is shown graphically in the above chart which depicts the yield on Consumers' Gas Co. stock over a period of 36 years, compared with the yield on Ontario Government bonds, as reported by the Dominion Bureau of Statistics. The annual dividend of $10 a share on Consumers' Gas Co. common has been paid continuously since 1874. At present prices this gives a yield of about 4¾%. The company has called for tenders on an additional $500,000 par value of stock.

Quebec Bond Issue Curb Remains Says Duplessis

From Our Own Correspondent

QUEBEC.—Quebec is, to all intents and purposes, "off" the gold standard, in so far as payment of Province of Quebec obligations is concerned.

Premier Duplessis has announced that the gold clause, prevalent in so many bonds, obligations and debentures in this province, would be eliminated by means of legislation which will be adopted by the Legislature during the session which opens Feb. 24.

Premier Duplessis has also announced that companies exploiting Quebec's natural resources must incorporate in this province, so that they may come under Quebec laws. He did not say how or what the province was going to do, but merely stated: "We shall take the means to see that all companies which exploit the province's natural resources shall be incorporated in Quebec in virtue of Quebec laws, and consequently come under our laws."

Another important matter mentioned by the premier is that the Government is not going to be intimidated because of the laws passed last fall, among them the bond issue restriction bill. The fact that two companies are reported to have transferred their headquarters from Montreal to Toronto because of this bill, is not going to influence the Government, according to the Premier, "and the law will remain in our statutes." He added that the law guarded against over issuance of shares, and thus ensured greater protection to the share buying public, solidifying business and placing it on an honest and sound basis.

Liberals will, however, endeavor to discuss the matter during the session, especially in the Legislative Council, where they are in the majority, and it would be no surprise were debate on the bond issue restriction bill to become a spirited one.

Foreign Exchange

Despite the positive assurance of Vincent Auriol, French minister of finance, that no further devaluation of the franc will take place, financial observers are definitely of the opinion a new level will be established. For some time the franc has been under considerable pressure, with operation of exchange funds directed to maintain the exchange value. These funds influence spot quotations only, however, and futures rates dropped sharply last week.

Foreign exchange markets were taken by surprise by the increase in the discount rate of the Bank of France from 2% to 4% during the week, the first change since last October. It is considered unlikely that the higher rate will stop the flow of funds from the country, a large part of which is attributed to political rather than financial and trade difficulties. On the other hand, the higher rate may seriously hamper the Government's plans for stimulation of industry through cheap money.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

Par	Jan. 26	Jan. 27	Jan. 28	Jan. 29	Jan. 30	Feb. 1
U. S. Dollar, High	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/32	1.00 1/32
Low	1.00 1/16	1.00 1/32	1.00 1/32	1.00 1/32	1.00	1.00
1936 High	0.99 9/16	0.99 5/8	0.99 11/16	0.99 7/8	0.99 13/16	0.99 25/32
Low	0.99 1/2	0.99 9/16	0.99 13/16	0.99 9/16	0.99 25/32	0.99 3/4
U. K. pound	4.91	4.90	4.90¼	4.90	4.90	4.90
Australia	3.93	3.91½	3.92¼	3.92¼	3.92¼	3.92¼
Austria	.1876¼	.1875½	.1876¼	.1875½	.1875½	1.875½
Belgium	.1687	.1685½	.1686¼	.1688½	.1689½	.1688
Brazil	.0610	.0615	.0615	.0610	.0620	.0620
Czechoslovakia	.0349¼	.0349¼	.0349¼	.0349¼	.0349¼	.0349¼
Denmark	.2191¾	.2189¼	.2189¾	.2188¾	.2187¼	.2186¾
France	.0466¾	.0465¾	.0466¼	.0466¼	.0466½	.0466½
Germany	.4025½	.4024¾	.4026	.4024¾	.4024¾	.4024¾
Greece	.0090	.0090	.0090	.0090	.0090	.0090
Holland	.5479½	.5477¾	.5479½	.5477¾	.5477¾	.5477¾
Hungary	.1981¼	.1980½	.1981¼	.1980½	.1980½	.1980½
India	.3716¼	.3712¼	.3711¼	.3710¼	.3709¼	.3707¼
Italy	.0526¾	.0526½	.0526¾	.0526½	.0526½	.0526½
Japan	.2863¾	.2858	.2855¾	.2853	.2855	.2855
Jugoslavia	.0233¾	.0233½	.0233¾	.0233½	.0233½	.0233½
New Zealand	3.96	3.95	3.95¼	3.95¼	3.95¼	3.95¼
Norway	.2467½	.2463¾	.2464½	.2463¾	.2462¼	.2461½
Poland	....	.1897	....	.1896½	.1896	....
South Africa	4.90	4.89	4.89¼	4.89	4.89	4.89
Sweden	.2531½	.2527¾	.2528½	.2527¾	.2526¼	.2525¾
Switzerland	.2287½	.2286¾	.2287	.2288¾	.2288¾	.2290¾
Hong Kong	.3067	.3064	.3063	.3061	3.059	.3054

Engineers Still Experiment On Carbureter for Hammell

By THOMAS C. THOMPSON

When The Financial Post walked into John E. Hammell's office one morning this week, the pioneer mining man and promoter was busily engaged in signing letters of regret. There were dozens of letters and with each was a certified cheque, mailed by hopeful would-be investors in Mr. Hammell's latest mining enterprise in the Patricia area of Ontario. All were being told that Mr. Hammell regretted he was unable to accept the cheque because stock in the new enterprise had been far oversubscribed before he had a chance to get the prospectuses printed.

Mr. Hammell wore a slightly worried look.

"I have a form letter that I send to inventors who are trying to sell me their ideas," he explained, "but now I'm so damned busy explaining to these people why they can't get any stock in the new company that I haven't had time to get around to anything else."

Mr. Hammell's attitude told plainly that if it wasn't one thing it was another, but pausing for a moment he recalled that he had had one breathing spell at least, a few days ago He found time to get out on the trail and work off an attack of influenza by the copious application of physical labor

Reporter Familiar Now

There was no need to explain the reason for The Financial Post's call. To Mr. Hammell's efficient secretary, with her amazingly retentive memory, the features of at least one representative of The Financial Post now bear a closer resemblance to a carbureter than anything human.

"Go right in," she said, and four prospectors also waiting for Mr. Hammell got up and walked out in disgust.

"Mr. Hammell," said The Financial Post, "there are reports that the Pogue carbureter is a definite failure; that Pogue and you have severed your associations; that the Pogue carbureter has been proved a complete success by your own engineers and that you have privately admitted it."

"Oh heck," was Mr. Hammell's reply.

"And," The Financial Post continued, "they say that the carbureter is 'exploded.'"

"Do they think I've gone soft in the head?" Mr. Hammell demanded even more explosively. "My engineers are still working on the carbureter and they think it's good—I don't know anything more about it than I did when I first read about the Winnipeg experiments in the newspapers."

"Then, why . . . ?" But that was as far as The Financial Post could get.

"Sure, I spoke about the carbureter to the Toronto Kiwanis Club. And I told them just what I've told you half a dozen times. I'm a mining man. I'm no inventor, and if the carbureter doesn't work, I'll be the first to say so. I'm doing what any mining man would do with a prospect; finding out what there is in it."

Mr. Hammell said a lot more. It was to the effect that if people get the idea he has gone hook, line and sinker for the Pogue carbureter—then a lot of people don't know Jack Hammell.

More Inventions on Way!

But Pogue himself is still working on the carbureter, in Winnipeg, and to quote Mr. Hammell, "about 350 other inventions too."

"You don't know what these inventions are like," he declared. "My engineers are working on the carbureter too, but they haven't completed their work or the tests."

"Would one of your engineers be in a position to make some statement as to the progress of the work?" The Financial Post asked.

"If any of them does, I'll break his leg," was the candid answer.

But the gist of the situation is that, because Jack Hammell in true Hammell style is reported to have told the Kiwanis Club of Toronto that "I was glad to get rid of Pogue. He's a nice boy, but he's an inventor," the word went broadcast that Jack Hammell had written "finis" to the carbureter.

Which is not quite the truth, for Pogue is still at work in Winnipeg. Hammell-retained engineers are at work on the invention in Ontario, and all the diamond drills in Ontario won't penetrate to the truth of the Pogue claims until Hammell and his men find it out for themselves.

Like the late Will Rogers, Jack Hammell knows no more about the ultimate outcome of the Pogue carbureter efforts than what he reads in the newspapers. He is apparently a long way from abandoning the effort to find out, however.

One thing is certain: Hammell today radiates more annoyance than enthusiasm when the Pogue carburetor is mentioned to him. Which is a different story from that of last fall when he had had less experience with temperamental inventions.

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NOTICE to HOLDERS OF DEBENTURES

Issued by

The City of Calgary, Canada

The Sinking Fund Trustees of the City of Calgary will apply on Monday, the 8th day of March, A.D. 1937, at 10 A.M. in Chambers in the Court House in Calgary, Alberta, for advice and directions involving the rights of Debenture Holders as against the Consolidated Sinking Fund of the City of Calgary and as amongst themselves.

Such advice and directions are necessary because by reason of various causes the moneys and investments held are in actual value materially less than the actuarial requirements of the Fund, and because the future earnings of the Fund are in imminent danger of being reduced below the statutory requirement.

The Trustees have caused an Originating Notice to be issued returnable on the above date, and the said Notice and Affidavit of the Chairman and Secretary of the Trustees may be seen at the Office of the undersigned, 227a Eighth Avenue West, in Calgary, Alberta, and copies are lodged with the principal Offices of the Branches or Agencies of the Bank of Montreal in Vancouver, B.C., Edmonton, Alberta, Regina, Saskatchewan, Winnipeg, Manitoba, Toronto, Ontario, Montreal, Quebec, St. John, N.B., Halifax, N.S., New York, New York, and London, England.

FURTHER TAKE NOTICE that the following persons have been by the Court appointed to represent for all the purposes of this proposed application the category of Debenture Holders set opposite their respective names and addresses, namely:

J. E. A. Macleod, K.C., Canada Life Bldg., Calgary, Alberta, Holders of Debentures outstanding 1st day of June, A.D. 1925.

D. S. Moffat, K.C., Grain Exchange Bldg., Calgary, Alberta, Holders of Debentures issued since 1st day of June, A.D. 1925.

A. MacLeod Sinclair, K.C., Insurance Exchange Bldg., Calgary, Holders of Local Improvement Debentures.

W. H. McLaws, K.C., Canada Life Bldg., Calgary, Holders of Debentures issued in respect of Public Utilities in the City of Calgary.

H. G. Nolan, K.C., Lancaster Bldg., Calgary, all Holders who may fall within any other category or categories.

All interested Holders of Debentures of the respective categories should arrange with one or other of the above named to present to the Court on the application any view they are advised in support of any contentions they may desire to raise. All Debenture Holders are entitled to be present at the hearing in person or by Counsel or Agent, subject, however, to the discretion of the Court to disallow costs to all others than the appointed representatives.

The Order made may declare rights and give directions, and will be binding on all Debenture Holders.

Any further information desired may be obtained from the undersigned.

DATED this 5th day of January, A.D. 1937.

TAYLOR & TAYLOR,
Solicitors for the Sinking Fund Trustees of the City of Calgary, 227a Eighth Avenue West, Calgary, Alberta, Canada.

Form Approved

(SIGNED) "A. H. Clarke"
J. S. C.

Gifts to Charity Excluded In Succession Duty Returns

Gifts made from estates in Ontario to charitable, religious or educational institutions within the province need not be reported in succession duty returns under the provisions of the amendment to the Succession Duties Act to be passed by the Legislature now in session.

The bill, it is understood has been designed to eliminate the last vestige of criticism that Premier Hepburn, in swelling his succession duties revenue, has been penalizing such institutions.

The definition of charities, The Financial Post learns has been made as wide as possible while educational institutions will include all schools, private as well as public except where these are operated for profit.

Under the amended Act these gifts will be deducted from the total amount of the estate before returns are made to the Government. In this way the estate will benefit not only from the amount of the exempted gifts but also from the lower rate of taxation applicable to the reduced total.

The extent of benefits from the proposed legislation can be seen by taking as an example an estate of $100,000 passing to a wife or child after the deceased has made gifts to charities totalling $50,000.

Under the present act the administrators are required to check back on these gifts and make a return showing the total value of the estate at $150,000. At this level succession duties are calculated at a rate of 5½%. Exemption for the gifts is then allowed leaving the balance of $100,000 subject to a tax at 5½% of $5,500 plus surtax (15% of this tax) of $825. The total levy will be $6,325.

Under the amended act the gifts of $50,000 will not be included in the return and the estate for succession duty purposes will be valued at $100,000. At this level it is subject to a rate of 5%. The tax will thus be $5,000 plus surtax of $750 or a total of $5,750.

Action Against Roebuck Moves Toward Trial

Action of Mrs. Frances VanSkiver, of Picton, Ont., against the attorney-general of Ontario has moved toward trial. Mr. Justice McFarland has dismissed a motion of the defense requesting dismissal of the suit on the ground that there is no reasonable cause for the action.

Mrs. VanSkiver's action against the Ontario attorney-general claims damages of $1,505 and interest from Sept. 1, 1928, in connection with an investment in shares of Diversified Investment Trust of which Mr. Roebuck was president. Damages are sought from Mr. Roebuck under charges of negligence and breach of trust in connection with the investment trust. The company is now defunct.

St. Boniface, Man., for the first time since 1932 will be unable to put a two mill reduction in the tax rate into effect. The city's tax rate in 1937 will probably be the same as in 1936, 62.5 mills. Higher relief costs as a result of the action of the Dominion and Provincial Governments in reducing relief grants is given as the reason for the inability of the city to reduce its tax rate.

Municipal Finances

Moncton, N.B., reports a surplus of $3,434 on its 1936 operations. Taxes receivable at Dec. 31, 1936, amounted to $365,572 against which a reserve for uncollectible taxes of $242,540 is held. The bank overdraft at Dec. 31 was $237,690.

* * *

Richmond, B.C., had a surplus of $5,600 in 1936. During the year the bonded debt was reduced by cancellation of $147,000 of debentures to $1,189,900.

* * *

Oshawa, Ont., reports that total tax collections in 1936, including arrears, were $931,870. This is equivalent to 105.2% of the levy. While the amount collected is less than in 1935 this is accounted for by the fact that the tax rate was lower.

* * *

Jonquière, Que., has been authorized by the Quebec Municipal Commission to pay interest coupons of Feb. 1, 1937. Interest to that date will also be paid on past due bonds.

* * *

Hamilton, Ont., had a surplus in 1936, the first time since 1930. Total revenue for the year amounted to $8,782,034 as against expenditures of $8,773,484. Revenue for the year was $133,365 in excess of estimates.

Sydney, N.S., has an operating surplus of $125,61[illegible] in 1936. Net funded debt of the city at the end of the year was $2,218,506. During the year bank loans were reduced from $260,000 to $103,000.

* * *

Brandon, Man., has a difficult year ahead of it in 1937, according to Hon. E. A. McPherson, supervisor. No immediate source of new revenue is in prospect and the 1936 tax rate cannot be increased without causing further property to revert to the city. Yet the estimated revenue for the year is $120,000 short of budget estimates. Although a reduction of $30,000 may be made in expenditures the city will still face a deficit of $90,000.

The city is faced with a bond maturity of $122,000 in 1937, of which $53,000 is held in sinking fund. The raising of the additional $69,000 is a problem, especially since sinking fund securities can only be liquidated at a loss

Bond Redemptions

Bond Issues	Rate	Year	Date	Price
Hyd-Elec. Pr. Ont.	3½-5%	1952	Apr. 1	100
Tor. Harbor C.	4½%	1953	Mar. 1	105
B. C. Power, A	5½%	1960	Mar. 1	104½
Do., series B	5%	1960	Mar. 1	104½
Can. Cons Rub'r	‡6%	1946	Apr. 1	110
Can. Paper, A	6%	1945	June 4	103½
Regent Knit	6½%	1942	Mar. 1	105
Toronto Carpet	6%	1944	Mar. 1	103
Atlan. Utilities, A	5%	1963	Mar. 1	105
Viceroy Mfg.	6½%	1950	Mar. 1	104
Avon River Pr. D.	5%	1964	July 1	103
Randolph Hotel	*6½%	1947	May 1	105
Northern Tele.	6%	1948	Mar. 1	102½
McColl-Fron. A	†3%	1949	Apr. 1	104
South. Canada Power, A	5%	1955	Apr. 1	102½
Woods Mfg., A	6%	1943	Apr. 1	102
Connors Bros.	•6½%	1938	May 1	105
Can. Steamships	5%	1943	Aug. 15	105

For sinking fund: *$9,000. †$117,000. •Approximately $100,000. ‡Private sale between Feb. 1 and April 1, 1937, in Canadian funds.

Stock Issues:

Toronto Elevators	7%	Pref.	Mar. 8	110

Bond Tenders

8 p.m., Feb. 8, Sorel, Que.—$25,000, 4% dated Mar. 1, 1937, redeemable serially 1938 to 1952; $15,700 4% redeemable serially 1938 to 1952. A. O. Cartier, clerk.

Feb. 9. Mun of Repentigny, Que.—$24,000, dated Jan. 1, 1937, redeemable serially for 20 years, 3½% for first 10 years, and 4% for last 10 years. J. A. Thouin, sec.-treas. of corporation.

2.30 p.m., Feb. 8, Montreal Catholic School Commission—$4,550,000, 3½% as follows: $2,000,000, dated Feb. 15, 1937, due 1944; $1,000,000, due 1947; $1,550,000, due 1949. Victor Doré, gen. chm., Montreal.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required Classified ads. payable in advance.

Maps for Sale

C. & E. MAP, just compiled, showing all holdings of the Calgary & Edmonton Land Company, large scale. Price—$3.25 Dominion Map & Blueprint Co., 576 Seymour Street, Vancouver, B.C.

Executive Available

EXECUTIVE, AGGRESSIVE CANADIAN, 42, now employed, but limited, desires connection with reliable Firm engaged in Inter-Empire Aircraft and/or Specialty business offering larger capacity for increased earnings. Thorough knowledge of Canada and United Kingdom. Experience; Business administration, economics, buyer, legal matters, aeroplane pilot, lecturer, sales promotion, ten years commercial traveller. Write Box 15, The Financial Post, Toronto.

Montreal Commission Towns Report Betterment

From Our Own Correspondent

MONTREAL.—The three bankrupt municipalities under jurisdiction of the Montreal Metropolitan Commission report a reduction of expenditure by $8,671 for the fiscal year 1936, as compared with 1935 or administration budget exclusive of loan charges. This saving was apportioned as follows: Pointe aux Trembles, $2,369; Montreal North, $2,763 and Ville St. Michel, $3,539.

Another report submitted to the Commission disclosed a drop of $63,000 in outstanding taxes due the 11 solvent members of the Metropolitan body on Dec. 31, as compared with Nov. 30, 1936. Arrears due the three insolvent towns were reduced $6,000 in the same period and stood at $22,000 lower than on Dec. 31, 1935. Total amount due the autonomous group at the end of 1936 was $986,000 as against $1,049,000 at the end of November, each of the municipalities contributing to the drop.

Union Is Organized By Quebec Rayon Workers

The Quebec Official Gazette recently carried notice of formation of a labor association among textile workers in St. Gregoire de Montmorency, seat of a Dominion Textile Co. plant, to to be known as the National Catholic Syndicate of the Textile Industry of St. Gregoire de Montmorency.

This constitutes the first move in an effort to organize workers in the entire artificial silk (rayon) and cotton industries of this province, says Montreal Gazette, with the objective of obtaining a collective labor agreement extended under the Collective Labor Agreements Extension Act.

Some 12,000 to 13,000 employees are engaged in these two industries in Quebec Province.

Montreal Stock Trading At High Mark in January

From Our Own Correspondent

MONTREAL.—Montreal Stock Exchange and Montreal Curb Market report a turnover during January of 2.8 million shares of industrial stocks, as against 1.8 million shares in the previous month, and 1.1 million shares in Jan., 1936.

Mining turnover last month totalled 7.1 million shares as against 9.7 million shares in the previous month, and 4.3 million shares in January a year ago.

The combined industrial and mining volume amounted to 9.9 million shares, as compared with 11.5 million shares in December and 5.4 million shares in Jan., 1936.

NEW ISSUE

$6,500,000
City of Montreal
2½%, 3% and 3½% Bonds
(Non-Callable)

Bonds will be dated February 1st, 1937. Principal and half-yearly interest (February 1st and August 1st) payable in lawful money of Canada in the cities of Montreal and Toronto. Coupon bonds in the denominations of $1,000 and $500, with provision for registration as to principal.

Legal Opinion: Messrs. Meredith, Holden, Heward & Holden for the Purchasing Syndicate and Charles Laurendeau, Esq., K.C., for the City.

The bonds will be direct obligations of the City of Montreal, and will rank concurrently and pari passu with the securities of the City already issued and will be, in accordance with the law, a charge upon the immovable property situate within the City limits. The proceeds of the bonds will be used to cover expenditures already made for Unemployment Relief.

The by-laws of the City of Montreal by which the issue of these bonds is authorized provide that the City shall include each year in the annual estimates an amount sufficient for the payment of the interest and the part of principal maturing each year, and for partial amortization of the principal maturing the 1st of February, 1952, this amortization being based on a period of thirty years from the date of issue.

Information regarding the financial position of the City will be found in the official prospectus, which is available upon request.

AMOUNTS, MATURITIES AND PRICES
(All prices plus accrued interest)

Amount	Coupon	Maturity	Price	Approx. Yield to Maturity
$ 134,000	2½%	Feb. 1st, 1938	Sold	....
138,000	2½%	Feb. 1st, 1939	Sold	....
141,000	2½%	Feb. 1st, 1940	Sold	....
145,000	2½%	Feb. 1st, 1941	Sold	....
148,000	2½%	Feb. 1st, 1942	Sold	....
152,000	3%	Feb. 1st, 1943	Sold	....
157,000	3%	Feb. 1st, 1944	Sold	....
161,000	3%	Feb. 1st, 1945	Sold	....
166,000	3%	Feb. 1st, 1946	Sold	....
171,000	3%	Feb. 1st, 1947	Sold	....
176,000	3½%	Feb. 1st, 1948	100.00	3.50%
183,000	3½%	Feb. 1st, 1949	99.50	3.55%
189,000	3½%	Feb. 1st, 1950	99.00	3.60%
196,000	3½%	Feb. 1st, 1951	98.50	3.64%
4,243,000	3½%	Feb. 1st, 1952	97.75	3.70%
$6,500,000				

Subscriptions will be received subject to rejection or allotment in whole or in part, the subscription books may be closed at any time without notice.

It is expected that bonds in interim will be ready for delivery on or about February 15, 1937.

We offer these bonds, if, as and when issued and accepted by us and subject to approval of counsel above mentioned.

Royal Securities Corporation Limited
Hanson Bros. Incorporated
Bell, Gouinlock & Co., Limited
Midland Securities Corporation Limited
Ernest Savard Limitee
L. G. Beaubien & Co. Limited
McTaggart, Hannaford, Birks & Gordon Ltd.
McLeod, Young, Weir & Co. Limited
Rene-T. Leclerc Incorporated
Kerrigan, MacTier & Co. Limited
Bruno Jeannotte Limited
Nesbitt, Thomson & Co. Limited
Collier, Norris & Henderson Limited
Mills, Spence & Co., Limited
Mead & Co., Limited
Credit Anglo-Francais Limited
Societe de Placements, Incorporee

February 3rd, 1937. *The statements contained herein are based upon information furnished by the City of Montreal.*

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

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MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor

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TORONTO, FEBRUARY 6, 1937

The Financial Post's Platform for Canada

1. Balanced budgets.
2. Abolish politics in C. N. R.
3. Merit system in public service.
4. Freer foreign trade through Empire preferences and foreign treaties
5. Stable tariffs for balanced development.
6. Stricter laws to protect investors.
7. An even break for Canadian national newspapers and periodicals
8. A modernized constitution.
9. Integrity in meeting public obligations.
10. Wider markets for our farms.

A Fire Insurance Showdown

ONTARIO insurance superintendent H. D. McNairn has given fire and casualty insurance companies operating in the province a three-month period in which to disprove certain allegations made against them, or to show that constructive efforts will be made to clean shop.

The charges relate to methods of fixing rates, commissions paid, costs of doing business, and in fact nearly every phase of fire insurance.

This is not the first time that fire and casualty insurance have been subject to an enquiry. In 1916 and again in 1929, investigation commissions reported on conditions. In referring to these last week, Mr. McNairn stated that from information which has come to his department conditions in the fire and casualty insurance business have grown worse during the years which have intervened since these commissions submitted their reports.

A flood of complaints which have been made will be submitted to the companies, which will be given ample opportunity to state their case.

What will be done if the companies fail to satisfy the superintendent has not definitely been intimated. It seems obvious, however, that it will take the form of further intervention by the department—perhaps establishment of a central rating organization in the fire and automobile insurance fields.

The fire and casualty insurance business in Canada is largely a business divided within itself, unable to reconcile its internal disputes. The companies are unanimous on only one point. They decry further intervention by government authorities. But they can be justified in this view only so long as their business is conducted in the best interests of the public.

Whether they welcome it or not, the companies are now forced into the open. In the past, The Financial Post has approached officials of regulatory bodies in the insurance business in an attempt to obtain their answer to the charges made against them, but without result. A blanket denial of all charges, and close secrecy in respect to regulation activities, has been the response.

This attitude is one of the main causes of the present situation. The public is suspicious. When charges against methods of doing business go unchallenged, the public cannot be blamed for considering that silence admits those charges.

The fire and casualty business has an unusually powerful system of self-regulation. There is no reason why the existing system, revised if necessary, should not be continued. But if it is to continue effectively, it must adopt a constructive policy of public relations.

Films and Magazines

ARTICLES are appearing in Canadian papers recording the financial difficulties of the British film industry.

One primary difficulty of the British film industry is that the home market is not as large as that of the United States. Yet to the American producer, Great Britain is just another overflow market in which he can sell pictures after he has paid for stories, stars, direction and sets out of the profits on the sale at home.

In order to give the British film industry a better chance, the British Government has for some years imposed a quota. Some 20 per cent of the films shown in Britain must be British made.

The British were not primarily interested in building up a new industry and giving employment to British workmen and British talent, although this was an important secondary factor. The chief concern was with the propaganda effect of foreign films, particularly United States films on the British people. It was desired to build up British films in order to present British life and British history in its true light.

There seems little doubt that the British Government will take further steps to preserve the British screen from foreign domination.

How differently we act in Canada when we are faced with a similar problem! It would be practically impossible to produce films on a profitable basis in this country. But where the British concern is with the film, ours is with national periodical literature, an even more potent instrument of nation-building.

We have in Canada national magazines which present, in interesting, readable form, information about Canadian men and women and which discuss Canadian problems sympathetically and intelligently. Canada's national magazines are constantly on the job to maintain unity between the different sections of Canada at a time when there are many factors at work tending to break down the spirit of Confederation.

Canadian magazines do not ask for special privileges. They do not ask for a preference over foreign magazines, such as the British film companies enjoy, and they have not asked for any quota to be applied on their publications.

All that they ask is the opportunity of placing their wares before Canadians on the same terms as are afforded to their foreign competitors. Canadian magazines comprise the only industry in Canada, enjoying no tariff protection, which pays a higher price for practically all its raw materials due to duties and taxes that are not borne by magazines printed in a foreign country.

In their editorial content and their influence, Canadian magazines have made constant and steady progress against great odds. They have put up a very valiant fight to achieve the place they hold in the affections of Canadian readers. Their publishers have had to invest huge sums of money upon which no financial return has yet been secured. No adequate return can be secured until Canadian publishers are given at least equal rights in their home market with their foreign contemporaries.

The British film industry claims that it cannot exist even with the 20% quota which it enjoys. If British films, with a home market of 45,000,000 and an Empire market of 400,000,000, together with an equal opportunity in many foreign markets, find it difficult to carry on and must ask for further aid from the Government, surely the even break that Canadian magazines ask is a modest enough request to make of the people of Canada and their Government.

Refusal to grant this measure of fair play must penalize magazine publishers and their employees. But what is more serious, it will deprive Canada of the full measure of development of magazines which should be a great force in Canada constantly at work to bring about national unity and to examine, from the national viewpoint, all the serious problems with which the Canadian people are faced.

Hydro Needs Chats Falls

ANY dispassionate examination of the power requirements of the Hydro-Electric Power Commission of Ontario for the eastern and Niagara systems will reveal the need for electric energy from the Chats Falls plant on the Ottawa River. One half of the plant in Ontario is owned by the Hydro and the half on the Quebec side of the river is owned by Ottawa Valley Power Co. It is reported that there is a possibility of a new power agreement with the Ottawa Valley firm.

Power supplies and loads indicate that the Hydro must have Chats Falls power for satisfactory operation in the eastern Ontario and and Niagara systems. In these two systems, the peak loads in December, 1936, were approximately 1,235,000 h.p. The Hydro had enough power to supply this peak load, including some 96,000 h.p. from its own half of Chats Falls. It also had total reserves of 140,000 h.p. from Gatineau Power Co. But if none of the Chats Falls power were available, the Hydro would have had to take up practically all the Gatineau reserve in December and would have been without reserves of power. With the growth in power loads anticipated in 1937, it seems apparent that the Hydro should arrange for supplies from Ottawa Valley Power Co., particularly as the Hydro's own half of the plant would be useless without the co-operative management of the Quebec side which belongs to the company.

While the Ontario Hydro may be successful in its plans for ultimate development of additional sources of power, it will take a long time to carry through the various schemes, some of which may be uneconomic. Meanwhile, the Chats Falls power is available and the company needs the Hydro business just as the Hydro needs the power. There is no logical reason why Mr. Hepburn should not arrange a new deal with this company at once.

Dead Level Monopoly

ANTICIPATING the Privy Council's decision which supported Canada's supreme court in declaring the Natural Products Marketing Act ultra vires, the British Columbia Government has set up a marketing act of its own. In this all compulsory features of the original legislation have been incorporated.

While the rest of Canada is content to develop a farm sales system based on voluntary co-operation, in the province along the Pacific Coast, an attempt will be made to force all sales through a single channel. This B. C. legislation will permit the freezing out of any independent who through his own initiative may have developed his own special markets. Inefficient and efficient producers are all going to be carried along at the same level. Land favorably located for certain lines of production will be permitted no advantages nor will there be an incentive to develop special advantages to suit future changes in the general situation.

Like the mother of the awkward recruit British Columbia has decided that everyone else is out of step. Every country which since the war has flirted with compulsory control of natural products has quickly abandoned the idea. Most Canadian provinces voted down marketing schemes under the recent Natural Products Marketing Act even before that legislation was quashed by the courts. But market theorists in B. C. have never lost faith.

In their planning, these "planners" have completely ignored the consumer. Costs of production, even if based on inflated land values and inefficient producing methods, are to be added to an arbitrary profit and the prairie consumer of fruit and vegetables is expected to foot the bill. Whether this consumer can afford to pay such prices is not taken into consideration at all, and neither is the possibility of competitive goods entering from another part of the Dominion.

On more than one occasion in Canada private industrial enterprises have had similar dreams, but even those enjoying a semi-monopoly have always failed when they ignored the consumer. There was no incentive to take advantage of the constant improvement in production methods and pass these improvements along to the consumer in more value for his money.

The British Columbia plan will also fail.

Editorials in Brief

In a recent address, Rt. Hon. R. B. Bennett referred to the successful operation of the nationalized railway system in South Africa. He was amazed to learn that in the past year the Government lines earned a surplus of $25 millions.

How the South African Railways were able to earn a healthy surplus after paying bond interest was shown in an article written from Jo'burg by Horace T. Hunter, and published in The Financial Post of March 30, 1935.

That article made it quite clear that the chief factor was that South African railways enjoyed a monopoly of all forms of transportation. In addition, rates were fixed to cover costs and show a profit, and there was no attempt to provide a luxury service.

Neither Government nor private monopoly of all transportation in Canada is desirable. But a greater centralization of control and management would make for economy and greater efficiency and help us end our railway deficits.

• • •

The Department of Overseas Trade of the British Government has compiled a useful little book on how to trade with Canada. The publication ought to be of value to British businessmen interested in the Canadian market.

However, it should be stated that not all of the advice given is sound and practical. For instance, one page is devoted to advising British manufacturers how they can wangle free advertising for their goods out of Canadian newspapers and other publications. They are given the name of a Montreal service which, out of the goodness of its heart, will fill the press of Canada with free "puffs" for British goods and not charge them anything at all. The Financial Post thinks it speaks for the great majority of Canadian publications when it says that they are not interested in that type of material supplied in that way.

Under the heading of advertising, the memorandum supplies a list of daily newspapers in different cities. The national magazines, the business papers, the weekly financial publications, the farm papers are completely ignored.

The memorandum is so useful that we trust steps will be taken in future issues to remove such weaknesses as these, which cannot serve but to give British businessmen a distorted view of the Canadian market.

Sayings of the Week

"We seem to live by accident rather than to die by it."—*Lord Horder.*

• • •

"The price of freedom is eternal vigilance."—*Rt. Hon. Stanley Baldwin.*

• • •

"Perhaps it is absurd to expect an Englishman to think things out beforehand."—*John Maynard Keynes.*

• • •

"Let's get rid of the microscopes and for the Lord's sake deal with world peace."—*Cordell Hull on trade agreements.*

• • •

"Currency with nothing behind it but a fist." —*Sir Edward Beatty's definition of monetary inflation used to repudiate debts.*

• • •

"People who believe in military preparations as a means of defense have no monopoly of patriotism."—*J. S. Woodsworth, M.P.*

• • •

"A conference is a very convenient way of appearing to do something while in reality very little is being achieved." — *Rt. Hon. Mackenzie King.*

• • •

"Of all those who are described in democratic governments as of the people has any a greater right than I to represent the people?" — *Adolph Hitler.*

• • •

"Ninety per cent of the misunderstandings, personal, political and international, come through making unnecessary promises."—*Roger Babson.*

• • •

"I cannot build up the German people's future on assurances from foreign statesmen respecting international economic aid or accommodation." —*Adolph Hitler.*

• • •

"We Trotskyites thought war inevitable and that we could obtain power only after Stalinist Russia had been defeated, but that does not mean that I wanted a Russian defeat."—*Karl Radek.*

• • •

"An increase in purchasing power can only come through an increase in national income, and this cannot be achieved by the mere act of creating money.—I regard uncontrolled inflation as the worst kind of monetary reform."—*Hon. C. A. Dunning.*

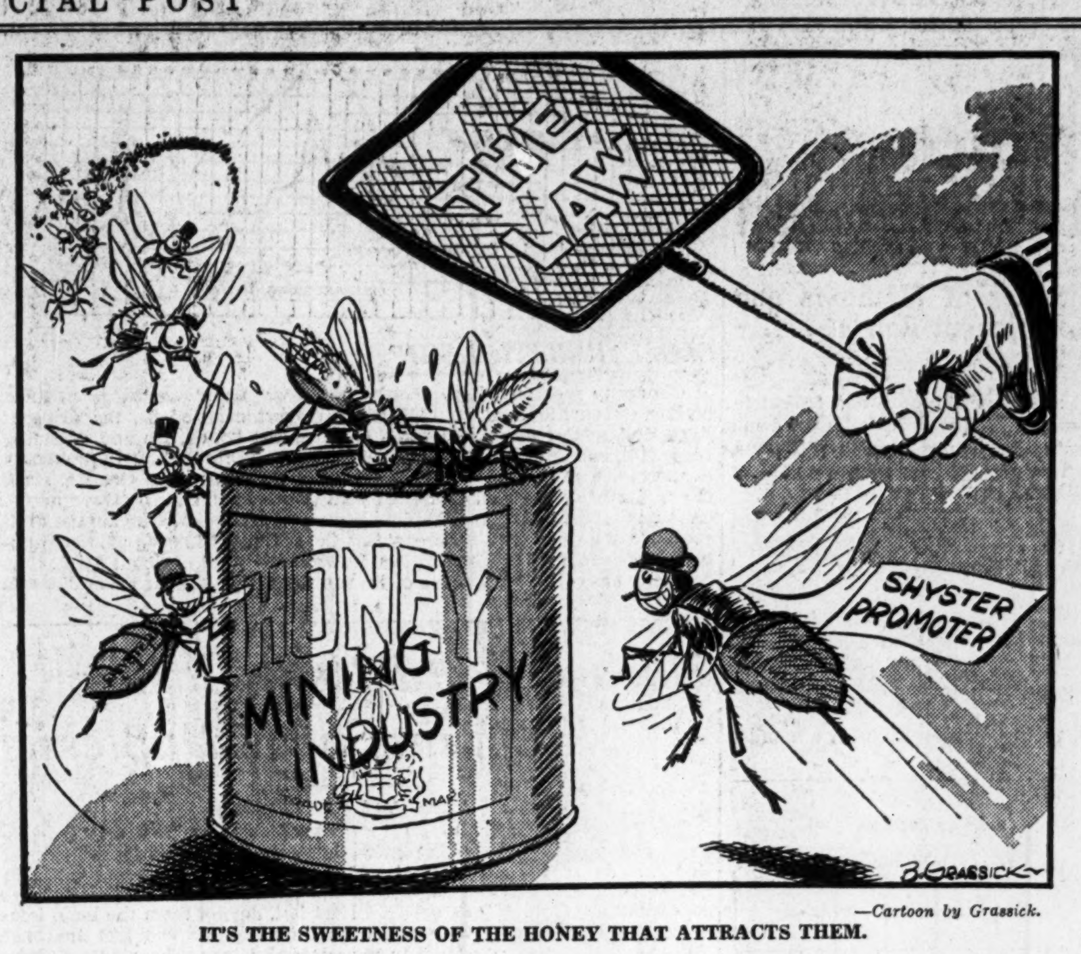
• • •

"Unless democracy can be as efficient as dictatorship it cannot survive.—Efficiency cannot be maintained where you have nine different areas with nine different sorts of laws all dealing with problems that are national in their scope."—*Rt. Hon. R. B. Bennett on B. N. A. Act amendment.*

• • •

"I find it impossible to co-operate with a mere vacillating machine which operates in starts, stops and reversals."—*John Hargrave on Premier Aberhart*

"We are forced to conclude that Mr. Hargrave is an irresponsible person who has had some ulterior motive in coming to our province."—*Premier Aberhart on John Hargrave.*



—Cartoon by Grassick.

IT'S THE SWEETNESS OF THE HONEY THAT ATTRACTS THEM.

What Leaders Say ~ ~

Credit Is Important

By JOHN A. ROWLAND, K.C.,
First vice-president and joint general manager, Canada Permanent Mortgage Corp., at annual meeting of company.

In a country such as ours, which buys and sells and borrows abroad, and which must maintain its credit, two things should never be forgotten. The first is, if our Governments are going to engage in what are, after all, ordinary business transactions, they must be prepared to submit to the principles which govern in contracts between individuals. The other, that even where governments are concerned, we cannot afford to lock the doors of our court rooms.

• • •

Low Interest Rates

By DUDLEY DAWSON,
General manager, the Dominion Bank, addressing annual meeting.

Ordinarily, low interest rates should result in money seeking employment in various new undertakings, as well as in the extension of existing enterprises, but in the present readjustment period, this has not been the case—the uncertainty regarding the future has undoubtedly deterred people with money from making investments of this nature. Let us hope that this situation will change before long. Any condition which is subnormal or abnormal, is not desirable, and interest rates are no exception. It is questionable whether the low rates now prevailing are beneficial to the people of Canada as a whole.

• • •

Too Much Talk on Debt

By J. M. MacDONNELL,
General manager, National Trust Co., at annual meeting of company.

Debt, and in particular interest, is represented as responsible for all the farmer's troubles.

This complete concentration on one side of the situation has produced in certain quarters, both east and west an attitude of mind which makes almost impossible that fair-minded approach necessary to a solution of any hard problem. We must, at our common peril if we fail, recapture the spirit of co-operation which has in the past existed.

• • •

Public Debts of West

By F. GORDON OSLER,
President, Canada Permanent Mortgage Corp., at annual meeting of company.

The matter of public debt of the three Prairie Provinces is one which requires serious and immediate consideration, and, unfortunately, some of the actions, and more of the language of public men in at least one of the provinces, is not doing much to assist. The solution of this problem will not come from the Alberta legislation.

• • •

Revised Tax Structure

By J. A. McLEOD,
President, the Bank of Nova Scotia, addressing annual meeting in Halifax.

The stresses and strains of the depression have shown very clearly the weaknesses of the machinery of public finance and more particularly of the distribution of taxing powers as between federal, provincial and municipal authorities. It is my opinion that a careful revision of the entire taxation structure of the Dominion, with a view to greater coordination and more efficient collection of taxes as between our various governmental bodies, would have favorable effects upon business generally and upon construction in particular. I realize, of course, that such a revision might involve difficult problems of a constitutional nature, but these are, I believe, capable of solution and I feel we should be well advised to keep this objective in mind.

• • •

This International World

By W. E. RUNDLE,
President, National Trust Company, at annual meeting of company.

The interdependent character of the modern world is being felt today more than ever before. Self-containment and self-sufficiency are no longer possible. They must give way to a larger view. The world today depends upon the strength of all its parts. We are vitally interested in the outside world and its recovery. I know of no country which responds quicker to outside improvement than Canada. Self-interest alone if nothing more demands a knowledge of and an interest in international affairs on the part of the people of this country. We cannot afford to be without an international mind.

• • •

Wealth is Wealth for All

By C. H. CARLISLE,
President, the Dominion Bank, addressing annual meeting.

Excessive class taxation may be an asset to party politics as a means of securing votes, but it undoubtedly retards national progress and development, and brings injury to working people. Large accumulated wealth may be an asset or a detriment, depending entirely on whether it is used properly or misused.

History shows that accumulated wealth is essential to national progress; history will continue to show it to be essential. Those who have accumulated wealth through production and in different channels of business have in the process created employment, and as year succeeds year they continue to use that wealth for the benefit of the many. It is surprising how little has been, or can be used by the owner for his personal gratification; that is how little it is possible for him to use personally.

A farmer who, through his knowledge of tillage, through his energy and management sows a bushel of wheat and reaps thirty bushels, should not be censured or caused to pay an extra tax because he has produced more than the average. The wheat he has raised is for the benefit of others—we are all advantaged by his production. Money taken from one group of persons or from industry or from a certain locality and given to others or to governments does not increase the wealth of a country, it merely changes the ownership.

• • •

Easy Money No Cure-all

By H. F. PATTERSON,
General manager, the Bank of Nova Scotia, addressing annual meeting in Halifax.

It must be admitted that the "easy money" policies of the United States and Great Britain, to the extent that they have stimulated recovery in those countries, have indirectly assisted Canadian exports. More active conditions in the markets of our two great customers have been associated with enlarged imports of which Canada has provided a substantial share. But "easy money" in the great creditor nations is not a cure-all for the economic nationalism which is impeding revival in international trade. In some cases, indeed, such monetary action is being used to buttress highly nationalistic policies.

• • •

Low Wages of Money

By J. U. BOYER,
General manager, the Provincial Bank of Canada, at annual meeting.

Banks are experiencing difficulty in employing a profitable part of their funds within the range of prudence. These conditions are more or less the result of a combination of forces, but in an important degree are attributable to the easy money policy of monetary authorities. Money and investments are entitled to a fair return, just the same as labor. It is regrettable that in these days, when so much is heard of minimum wages for labor, nothing is said about minimum rates of interest for the investor.

As Others See Us . . . . .

The Power Shortage

St. Catharines Standard

The Financial Post is authority for the statement that the power demand in Ontario is increasing so rapidly that a power shortage is well on its way. This opinion is backed up by many reputable electrical authorities.

Running the Railways

New Westminster British Columbian

As shown by direct statement to the House of Commons by the Minister of Railways, it is the policy of the King Government to allow the employees of the Canadian National Railways to manage the roads, while the Government is to be concerned only in providing the money required to meet deficits. Study of the situation moves The Financial Post to suggest that the privately owned C.P.R. is more efficient than its rival and more successful in maintaining economies.

The public, of course, continue to pay the losses on Canadian National operations, and the process pinches quite an appreciable amount from the average man's income. This income continues to be reduced because of unemployment; and there will be uneasiness, no doubt, at the prospect of the part-time labor of the average man being levied upon for improving the conditions of so large a body of other labor as the railway operations enroll.

Action is Wanted

Saskatchewan Farmer, Regina

Plans for the solution of the financial difficulties besetting governing bodies in western Canada are still lacking. The policy of drift seems to have deepened since the federal-provincial conference last month when it was expected that some action would be decided upon.

Finance Minister Dunning may be contented with the result of that conference; others are not. Unless a determined effort is made to grapple with the difficulties of the situation, the Dominion Government is likely to find itself with a crop of troubles on its doorstep one of these days.

The Financial Post (Toronto) on Nov. 14 put the situation in a nutshell when it said:

"The present situation is simply this: that if a debt refunding plan is not worked out for the western provinces then the present governments will have great difficulty in holding back the radical forces which will seek to seize the reins of power on the promise that, if they are elected, they will do what Alberta has done; cut bond interest and tell the 'money power' to go to the devil."

Maybe western members of Parliament will be able to pry the lid off and find out what happened at the "do nothing" conference. A little philosophic calm goes a long way, but no one ever heard of it solving such difficulties as those confronting the prairie governments.

Inflation and Collapse

Petrolia Advertiser

Mr. Walter Lippmann, well-known writer on economics, is another disciple to the ever-growing number who believe that unless the consumer is given the benefit of the low prices created by the machine—more purchasing power—the world is heading "for a spiral of rising prices, an inflationary boom, ending in a collapse of the price structure such as we had after the war." And The Financial Post in an editorial dealing with the same subject says: "All over the world what is needed today is an increase in production to match the purchasing power that has been created. The inflationists, the Social Crediters, the advocates of increased relief payments, of public works and of armament employment are preaching dangerous doctrines. They would feed the fires of an inflation which is already under way and threatens another ultimate grave collapse."

Both Mr. Lippmann and The Post uphold our contention that if proper safeguards are not taken—and so far there is no evidence that they are—the present recovery is being built on a sand bottom. The only question is how long will it last?

A Rural Ontario View

Peel Gazette, Brampton

The Financial Post fears if something is not soon done the other two Prairie Provinces are likely to follow the lead already given by Alberta and resort to debt repudiation.

But what does The Post desire to have done? What the Western Provincial governments desire is that the Dominion shall grant them further aid in meeting their recklessly incurred obligations. This the Federal Government, which ran behind to the extent of 131 millions last year, and is expected to be 100 millions short this year in meeting its own financial obligations, cannot afford to do. Moreover unless the Western Provinces are ready to co-operate with the Dominion in this matter Federal aid should not be forthcoming no matter what might be the Dominion's own financial position. Such co-operation if and when it does come should take the form of acceptance of a measure of Federal control over Western Provincial spending.

Each of the Prairie Provincial Governments, it should be remembered, is spending today about three times what the Government of Ontario spent at the beginning of this century when the population of this province was about a third above that of the combined Prairie Provinces of today.

The country as a whole will not really get back on its feet until the sort of spending that was indulged in by all our governments during the madness of the war period is brought within bounds.

Other People's Views . . . .

The Menace of Prosperity

The New Republic, New York

We are not so rash as to believe that a continuous and unbroken rise of business fortune will occur during the next few years; there have always been minor recessions in the course of such a rise, and doubtless there will be again. But it looks as if the stage were set for another period in which one force after another would come into play to make us believe, as we did in the last new era, that nothing can stop the onrush of prosperity. Gradually doubts will give way to confidence, and confidence to recklessness. What important change has been made in the economic order to forestall the menace of prosperity, prosperity menacing because of its inevitable nemesis? We regretfully report that we do not see any.

By-word of 1937

Printers' Ink Monthly

Modernization will be practically a by-word in 1937. Since 1930, many companies have coasted along with old equipment, without repairs, with old methods of doing business. But with 1937 bringing higher costs in general and the strong possibility of narrowed profit margins, there will be serious consideration everywhere regarding modernization of manufacturing plants, equipment, stores.

There will be expansion, too, in many industries; expansions calling for moderate and in some cases very large expenditures. This movement started definitely in 1936 and has proceeded to the point that one large company has booked some machinery orders which cannot be filled until 1938.

Stores and retail establishments will adopt air-conditioning, will install the new invisible store windows, etc. One store in the East spent a million dollars in the midst of the depression to modernize its whole building. This store is today outstanding in the whole territory and has had its modernization cost repaid.

Yes, modernization of all sorts will grow apace and the companies unable now to adopt modern machinery or equipment may be faced with loss of business or with a considerable delay when it comes to getting its equipment orders filled.

In the Mail

(Not over 200 words, please)

Would Forbid Strikes

Editor, The Financial Post:

Industrial strikes disturb and cost the country direct and indirectly immense sums of money every year and they are mostly unnecessary at that. In these strikes business is always the loser.

They are usually engineered by irresponsible but self-seeking or trouble-making outsiders.

Under present circumstances, it simply amounts to a continual and everlasting "dog fight" between capital and labor and without either paying the slightest heed to the general welfare of the country in their struggling.

Therefore, I suggest that legislation be presented to Parliament, either as a governmental or as a private measure, forbidding the use of union funds to finance strikes.

If this should be done, there will be no more major strikes in the future thus ensuring industrial harmony to the country.

In short: no money, no strikes.

JOHN W. DOUGLAS,
Winnipeg.

The "Opium War"

Editor, The Financial Post:

You imply your lack of pride in the "Opium War."*

Once the undersigned went farther and thought of it with humiliation, but not now, for there never was such a war!

The East India Company, the British Government and Captain Elliott, who was the chief British officer in China from 1837 to 1842, the time of the misnamed war, were all opposed to the opium trade.

Not one of them attempted to force opium on China. The war did not occur because of the opium trade and opium was not even mentioned in the treaty that supervened.

Lord Palmerston, the British Foreign Secretary, definitely warned British subjects that they were to respect the laws of China and that they would not be defended if they broke them.

The infamy was tagged upon him by enemy politicians in his own country, by the national rancor of other countries and the astute slanders of the Chinese.

Even British historians, mostly of a different political color from Palmerston, spread those calumnies to the world. Though the truth might have been learned with but little research.

From being mortified about that war I have now become reconciled if not proud.

J. S. HART,
Toronto.

*Editorial headed "Beer War Makes History," Jan. 30, 1937.

Folks in Finance

Daily Crop of Hair

THE other day, we notice, Gillette Industries opened its fine new plant near London, England. The plant has some 900 employees and it stands on 5¾ acres of ground. From descriptions published in the British press we can easily believe that the new factory represents everything modern and timely in plant construction and operation.

There is a particular interest for Canadians in the plant of Gillette Industries. The chairman and managing director of the plant is a Canadian, Ernest H. Cooper. Mr. Cooper is a younger brother of Lt.-Col. John A. Cooper, of Toronto, who is the Will Hays of the Canadian film trade.

Before going to England, Mr. Cooper was associated with The MacLean Publishing Company as Montreal market editor on Canadian Grocer. Thus he is one of the scores of successful men who got their early training under Col. John Bayne Maclean, publisher of The Financial Post.

Another ex-Canadian was a principal speaker at the opening ceremonies—Lord Greenwood, who was born Hamar Greenwood down in Whitby, Ontario, and was this week lifted a little higher in the peerage.

Mr. Cooper said at the official inaugural that the plant could manufacture 1,000,000 blades a day or 50 miles of blade edge.

Discussing the work done by the 25 miles of blade edge each day in Britain, Mr. Cooper said that they were told that when a man shaved, he shaved an average area of about 43 sq. in. on his face. On this area grew 25,000 hairs, each of which increased in length in each 24 hours at least one one-hundredth of an inch. So that each man grew at least 250 in. of hair on his face each day. Multiplying this figure by 15,000,000, the number of shavers in the British Isles, it was found that the daily growth of hair in the country was 50,000 miles over an area of about 125 acres. That was the crop which was garnered each day.

Stop Me If You've Heard This One . .

"The sun never sets on the British Empire," said the English woman proudly.

"How unfortunate," remarked the American girl. "At home we have such lovely sunsets."

Week in Business

Higher Prices Forecast For Canadian Furniture

Further Increases of 10% to 15% in Prospect For Consumer as Costs on Specialty Woods Skyrocket

Beating a path back to an old friend of yesteryear—high cost of living—is the furniture business. In different parts of the country big furniture outlets are holding their midwinter sales and despite the fact that the merchandise on display was bought last fall, price tags are on an average 10% above last year's quotations.

And looking ahead, further increases of from 10% to 15% are definitely in prospect. Lumber prices have been skyrocketing recently with imported walnut up 25% to 30% and other specialty woods so scarce as to be virtually unobtainable. Thus repeat orders are all going through at higher prices and when present stocks are exhausted it looks like much higher prices for the consumer.

Incidentally response to January sales and also to the manufacturers' exhibitions held recently at Toronto, Stratford and Kitchener has been very favorable. A good increase in consumer demand and the prospect of higher prices in the trade have been bullish factors. One important phase of the Canadian picture is that United States plants are so rushed with their own business that it has been difficult if not impossible for them to fill Canadian orders except on sample and special high priced numbers.

* * *

Profitless January?

Speaking of good business, many firms report January, 1937, one of the most active in many years. This is particularly true in central Canada, where the extraordinarily good weather made it very easy for people to shop. Lack of snow and cold weather in the East worked havoc on sales of winter and sports lines but pre-Christmas sales had been so heavy that the trouble was not as bad as might otherwise have been. Coal dealers have been the chief complainers.

But looking over their profit and loss statements for the month some retailers are wondering if the month was busy but profitless. The reason is perhaps twofold. For one thing, comparative figures with 1936 were on the basis of a lower sales tax. Then, too, rising prices for raw materials on many lines of merchandise are beginning to make themselves felt—especially where the article sells for a definite price such as 50 cents, $2 or $5. Certainly 1937 will see many adjustments in this type of article—either toward poorer quality or increased price.

* * *

Buoyant Outlook

Looking at the Canadian business prospect in its quarterly survey, Bank of Nova Scotia has this to report:

"In view of the strong upward trend in the export figures, the outlook for further recovery appears favorable. The recent growth in export income does not yet appear to have been fully diffused throughout the business structure. The effects of the expansion that has already taken place are therefore likely to continue to exert a buoyant influence."

* * *

Relief Figures at Last

At last some statistical light on relief and unemployment in Canada is being shed. For months the figures available at Ottawa have been held up pending the assimilation of the new registration totals which started in September under the National Employment Commission and are to continue monthly.

The current issue of Labor Gazette contains the best compendium on relief and unemployment that has appeared yet in Canada. It takes the story right back to 1932 and gives comparative figures over a wide range of headings—some of which have never been made public before.

Favorable

Carloadings—A 32% gain in merchandise loadings served to boost carloadings figures again for the third week in January. Total loadings, however, were lower than that of the preceding week.

Coal imports were sharply higher in December, due doubtless to depletion of stocks during the early cold spell in November.

Construction contracts awarded in January were less than half those of last year due to inclusion of big engineering development at Comeau Bay, Que., and International Nickel Co. extensions at Sudbury in January, 1936.

Car sales in December show sharp gain over last year. Export figures alone show decline.

Business Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

WEEKLY DATA	Latest 1937	Latest 1936	Cumulative Total Jan. 1 to date 1937	Cumulative Total Jan. 1 to date 1936
Transportation—				
Car loadings (Jan. 23)	▲45,612	40,082	137,906	114,761
C.N.R. gross earn. (Jan. 21)	$ 3,295,352	$ 2,923,198	$ 9,459,956	$ 8,540,217
C.P.R. gross earn. (Jan. 21)	$ 2,371,000	$ 2,168,000	$ 7,122,000	$ 6,221,000
Business Conditions—				
Weekly index D.B.S. (Jan. 23)	▲121.4	105.9	......	......
MONTHLY DATA	**1936**	**1935**	**1936**	**1935**
Business Conditions				
Financial Post index (Dec.)	118.2	108.0	......	......
Transportation—				
C.P.R. net revenue (Dec.)	$ ▲3,541,807	$ 3,306,013	$ 23,311,110	$ 22,397,523
C.N.R. net revenue (Nov.)	$ 2,383,271	$ 2,329,155	$ 12,227,251	$ 12,091,780
Iron and Steel (December)—				
Pig iron production (tons)	68,499	70,647	678,672	599,875
Steel ingots and castings prod. (tons)	103,952	98,888	1,114,550	941,527
Automobiles (Number)—				
Passenger Cars:				
Domestic sales* (Dec.)	▲9,583	5,244	94,203	83,242
Factory output (Dec.)	▲16,542	11,370	131,303	139,744
Trucks and Buses:				
Domestic sales* (Dec.)	▲1,021	842	20,438	18,219
Factory output (Dec.)	▲3,869	2,405	31,014	33,253
Exports (Dec.)	▲3,945	5,535	55,805	64,621
Construction—				
Building permits (Dec.)	$ 3,225,274	$ 2,401,856	$ 39,809,442	$ 46,560,623
Contracts awarded (Jan. '37)	$ ▲6,622,200	$ 13,610,400	......	......
Newsprint (tons)—				
Production (Dec.)	289,312	244,732	3,179,914	2,752,715
Exports, tons (Dec.)	286,232	277,837	2,993,082	2,575,081
Sugar (lb.)—				
Melting & sales§ (raw)	▲48,509,347	63,639,724	930,021,256	876,813,650
Manufactured§	▲95,656,430	88,679,521	1,055,584,264	980,625,260
Flour (bbls.)—				
Production (Nov.)	1,459,388	1,603,803	13,867,478	13,251,583
Wheat flour exports (Dec.)	475,232	443,828	4,850,071	4,881,017
Trade—				
Retail trade (index no. of sales) (November)	76.6	72.5	......	......
Imports (December)	$ 52,996,494	$ 38,569,182	$ 635,190,844	$ 550,314,551
Exports (December)	$ 99,406,665	$ 79,244,502	$1 027,901,954	$ 838,343,059
Wheat exports (bush.) (Dec.)	20,427,916	17,043,882	243,041,530	165,672,671
Employment, D.B.S. Index (Jan. 1, '37)—				
All industries	▲103.8	99.1	......	......
Manufacturing	▲102.4	96.8	......	......
Electric Power Output (Dec.)—				
Total monthly m.k.h. (000's omitted)	2,324,915	2,156,525	25,493,474	23,404,412
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (December)	184,104	111,523	1,680,397	1,339,733
Boot & shoe prod. pr. (Nov.)	1,602,330	1,706,149	20,348,589	20,146,700
Crude petrol., imp. gal. (Dec.)	60,569,143	55,639,590	1,244,663,276	1,174,794,086
Cotton imports, lb. (Dec.)	20,842,725	22,186,866	150,287,167	129,615,395
Raw rubber imp., lb. (Dec.)	2,673,053	5,745,825	62,821,760	60,189,265
Coal imports, tons (Dec.)	▲1,132,879	800,581	13,768,772	13,006,021
Cigarette cons., (Dec.) No.†	435,425	461,468	5,600,448	5,305,369
Finance—				
Bank debits (Dec.)†	$ ▲3,404,592	$ 2,932,304	$ 35,928,607	$ 31,546,066
Bond sales (Dec.)	$ 94,927,250	$ 119,929,500	$1,296,496,437	$ 985,145,390
Life insurance sales (Dec.)	$ 36,904,000	$ 38,550,000	$ 376,885,000	$ 389,384,000
Automobile Financing (Dec.)—				
Used cars	$ 1,314,568	$ 942,024	$ 24,482,159	$ 17,931,608
New cars	$ 2,214,043	$ 1,285,656	$ 29,726,841	$ 22,410,656

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to Dec. 31.

Attractive Yields

Investment in the following group offers diversification and favourable income return:

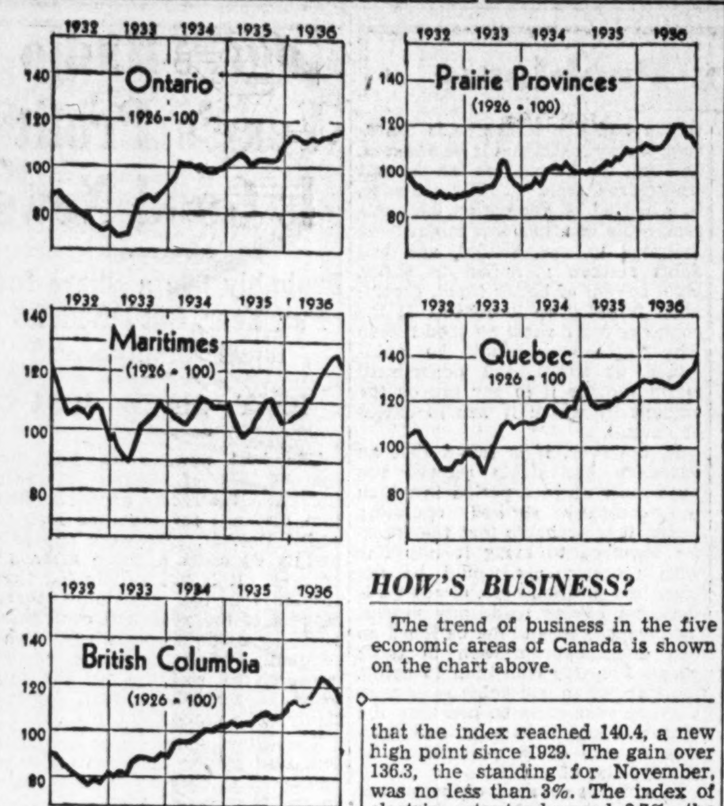
	Price about	Yield %
Nova Scotia Light & Power 1st Mtge. 4s, 1957	99	4.07
Donnacona Paper 1st Mtge. 3-4-4½s, 1956	90	5.32
International Power 7% Preferred (paying 6%)	97½	6.15

Information on request.

Royal Securities Corporation
Limited

244 St. James Street, Montreal — 330 Bay Street, Toronto 2

Offices throughout Canada; also in New York and London.



HOW'S BUSINESS?

The trend of business in the five economic areas of Canada is shown on the chart above.

Business Gains For Ontario And Quebec

Other Areas Show Reaction in Activity at Year-end

Marked advance in Quebec and Ontario was the feature of the regional analysis of December. Indexes of the other economic areas moved up sharply in the third quarter of 1936 but showed reaction near the end of the year.

Quebec and Ontario showed moderate recession during the greater part of the year, but in the last few months a pronounced upward movement has been in evidence, especially in Quebec. Ontario last month reached a new high point since mid-year 1930. Quebec business rose to near the high point of 1929.

Electric output after seasonal adjustment showed gains in the Maritimes, Quebec and the Prairie Provinces. Employment recorded moderate gains in each of the economic areas except the Maritimes. Bank debits after seasonal adjustment recorded increases from Ontario westward. Sales of life insurance showed decline except in British Columbia.

Gains were shown in the Prairie Provinces in wheat receipts and prices. Industrial data for Ontario also recorded a marked improvement. Construction contracts awarded were down in three areas, the exceptions being the Maritimes and Prairie Provinces. Building permits recorded gains in each of the areas except British Columbia.

* * *

Maritimes

The rising trend of the Maritimes index in evidence during 11 months of the year was reversed in December when a recession from 126.3 to 122.3 was shown. In November a high point had been recorded for any month since 1931. The construction industry was more successful in obtaining new business in December, the adjusted indexes of contracts awarded and building permits recording increases. A gain of 3% was shown in the electric power production. The reading in regard to employment was adverse, the index receding from 117.4 to 113.1. Financial factors of bank debits and sales of life insurance also reached lower levels.

Tonnage of vessels clearing from Halifax and Saint John showed even after seasonal adjustment a considerable gain.

The industrial area of Sydney continued active during December. A payroll of 1,633 men was employed by the Nova Scotia Steel & Coal Co. at Sydney Mines. The Dominion Coal Co. engaged 8,000 men at Glace Bay, and the Steel Mills of the Dominion Iron & Steel Co. at Sydney were in full operation, engaging 3,256 men.

The English market is firm and a strong demand is in evidence for a full season's product.

The apple crop of the Annapolis Valley available for shipment was estimated at 800,000 barrels against 1,300,000 in 1935. As prices received for apples for overseas markets have ranged several shillings per barrel below last year, it is unlikely that the value of the crop will be more than half of that of the preceding year.

* * *

Quebec

A marked gain was shown in the index of Quebec during the last four months of the year, with the result that the index reached 140.4, a new high point since 1929. The gain over 136.3, the standing for November, was no less than 3%. The index of electric output advanced 8.7%, the high point of 301.6 having been reached in December. The seasonally adjusted index of employment was 111.5 against 110.4 in the preceding month. Moderate recession was shown in bank debits and sales of life insurance.

Newsprint production reached a new high point, the index standing at 193.4. The gain over the preceding month was 7.2%. Recessions were shown in boot and shoe production and the imports of raw cotton.

* * *

Ontario

Following the rapid advance in the last quarter of 1935, the business index of Ontario entered a period of consolidation during a considerable part of 1936. Marked gains, however, were shown in the last two months of the year, with the result that the index stood at 118.3 in December, a gain of 1.4% over the preceding month. The index overtopped the present standing during the prosperity phase of the last cycle for only about two years, culminating in July, 1930.

Steel production was up 11.7%. Automobile production assumed heavy proportions in December, the gain in the index having been from 92.3 to 102.6. While part of this increase was due to the fall introduction of new models, an attempt has been made to revise the seasonal indexes. The object of the revision was to show as far as possible the proper relationship of the production of the two months. The net result was that the business index for Ontario advanced from 116.7 to 118.3, a gain of 1.4%.

Owing in large measure to improved export markets and better collection of debts, the operations of the agricultural implement concerns located at Brantford are showing substantial improvement. Slight betterment appears to be indicated in building construction and, in view of Government loan schemes, considerable improvement in private building, renovation and repair work is anticipated.

* * *

Prairie Provinces

While the decline in the business index of the Prairie Provinces was continued in December, upward changes in significant factors suggest that conditions were not far from being maintained at the end of the year.

While the indexes showing the trend of building operations were still at a low level, considerable improvement was shown over the preceding month. A slight gain was shown in the output of electric power. The index of employment recorded a gain of ½%. An increase of 8.2% was shown in the adjusted index of bank debits.

Sales of life insurance on the other hand recorded a decline.

* * *

British Columbia

Following the steady advance in the index of British Columbia from the end of 1932 to the third quarter of last year, recession occurred in the last three months of the year. During the last quarter practically all of the advance during the early months of the year was counterbalanced. The index in December was 113.9 against 118.8, in November.

Declines were shown in the factors showing the new business obtained by the construction industry. The production of electric power was down markedly. Employment on the other hand showed a considerable increase, the index moving up from 103.1 to 104.8. A marked gain was shown in bank debits, the index increasing from 102.8 to 111.8.

The British Columbia tree fruit board reported that of a total crop of over 4 million boxes for 1936, there remained only 670,000 boxes to dispose of, which at the end of the year was 300,000 boxes less than in 1935.

Trend of Business in Five Economic Areas

	Dec., 1936	Dec., 1935	Nov., 1936	Inc. or Dec. December, 1936-1935
Maritimes:				
Construction contracts .... $	443,000	305,000	574,000	+45.2
Building permits .... $	91,000	39,000	167,000	+133.3
Life insurance sales .... $ 000	2,559	2,761	2,563	—7.3
Bank debits .... $ 000,000	56.7	51.3	63.1	+10.5
Electric power production, k.w.h. 000	61,963	44,149	59,642	+40.3
Employment .... 1926 = 100	109.5	108.1	115.3	+1.3
Tonnage of vessels cleared	780,751	695,004	370,637	+12.3
Index	122.3	103.9	126.3	+17.7
Quebec:				
Construction contracts .... $	2,131,000	1,080,000	7,512,000	+97.3
Building permits .... $	895,000	928,000	638,000	—3.6
Life insurance sales .... $ 000	10,549	9,836	10,464	+7.2
Bank debits .... $ 000,000	1,059	813	1,088	+30.3
Electric power production, kw.h. 000	1,227,435	1,100,864	1,172,593	+11.5
Employment .... 1926 = 100	104.0	95.5	112.6	+8.9
Imports of raw cotton .... lb.	20,842,725	22,186,866	21,105,486	—6.1
Newsprint production .... tons	289,312	244,732	285,771	+18.2
Index	140.4	125.7	136.3	+11.7
Ontario:				
Construction contracts .... $	2,?38,000	1,854,000	4,893,000	+26.1
Building permits .... $	1,740,000	1,140,000	1,670,000	+52.6
Life insurance sales .... $ 000	15,319	15,487	16,159	—1.1
Bank debits .... $ 000,000	1,641	1,301	1,504	+26.1
Electric power production, kw.h. 000	708,988	681,644	696,049	+3.4
Employment .... 1926 = 100	107.5	102.7	112.9	+4.7
Livestock slaughterings .. 1926 = 100	150.9	108.0	144.7	+39.7
Steel production .... tons	103,952	93,888	98,534	+5.1
Automobile production .... No.	20,411	13,775	10,812	+48.2
Index	118.3	106.7	116.7	+10.9
Prairie Provinces:				
Construction contracts .... $	876,000	768,000	390,000	+14.1
Building permits .... $	189,000	77,000	192,000	+145.5
Life insurance sales .... $ 000	4,993	4,995	5,313	—0.1
Bank debits .... $ 000,000	452	606	472	—25.4
Electric power production, kw.h. 000	166,080	156,681	159,017	+6.0
Employment .... 1926 = 100	94.2	95.1	98.6	—0.9
Wheat receipts .... bush.	8,000,000	14,217,000	9,046,000	—43.7
Wheat prices .... $ per bush.	1.203	.846	1.085	+42.2
Index	112.7	112.8	115.8	—0.1
British Columbia:				
Construction contracts .... $	331,000	358,000	470,000	—7.5
Building permits .... $	310,000	219,000	362,000	+41.6
Life insurance sales .... $ 000	3,217	3,055	2,835	+5.3
Bank debits .... $ 000,000	195.7	161.2	175.2	+21.4
Electric power production, kw.h. 000	122,918	134,066	131,238	—8.3
Employment .... 1926 = 100	95.4	92.4	101.5	+3.2
Index	113.9	109.0	118.8	+4.5

Background of Business

Visitors From U.S. Reach 16,250,000

Tourist Expenditure Gains 25% in 1936—Packaged Potatoes Appear

Canada played host to no less than 16,250,000 visitors from the United States during 1936—an increase of 10% over 1935, according to preliminary figures prepared last week by Leo Dolan, manager The Canadian Travel Bureau, for The Financial Post Business Year Book, 1937. This is a larger number than in any single year since 1931.

Preliminary estimates by The Business Year Book place the incoming revenue from all tourist business in 1936 at $250 millions—an increase of 25% over the previous year. Reason for the large increase is the higher per capita expenditure this year. Similarly the amount spent by Canadians in other countries in 1936 is placed at $85 millions indicating a favorable balance of trade of $165 millions for the year compared with a corresponding item of $110 millions in 1935.

Further indication of the wide interest in Canada last year is the fact that the Canadian Travel Bureau handled no less than 52,668 enquiries during the first 11 months of 1936—an increase of 100% over 1935. During the first 10 months, 3,486,613 automobiles entered Canada compared with 3,605,086 in the entire year 1935.

* * *

861 Conventions

Tied up closely with tourist traffic are conventions. C. K. Howard, manager, Tourist & Convention Bureau, C.N.R. estimates that there were 861 conventions held in Canada last year which produced an estimated revenue of $21.9 millions.

"Already," says Mr. Howard, "there are indications that this number will be greatly exceeded during 1937."

* * *

Packaged Potatoes

Over in Maine they're packing potatoes in cartons, 15 and 30 lb. to the pack, so that the world will know that the State of Maine is proud of its farm products and prepared to identify them, says Canadian Advertising Data. Individual growers are permitted to display their names on each package, but the uniform color treatment adopted will distinguish the package as used specifically for a Maine product.

Plans are also under way for the marketing of Maine eggs in unique pack with color scheme resembling that used for the potatoes.

* * *

Want Drug Tax Cut

The Legislative Committee of the Association of Canadian Perfumers and Manufacturers of Toilet Articles are working on a presentation urging a reduction of the 10% luxury tax on cosmetics, which is expected to be placed before the Minister of Finance within the next few weeks, says Drug Merchandising.

* * *

Grocery Prices

"I will be surprised if the price trend in this industry does not show substantial advances before the summer of this year," said W. F. Stewart recently to Canadian Grocer. Mr. Stewart is vice-president and general manager of Dominion Stores, Ltd.,

He believes an effort will be made on the part of all grocers to widen the spread between cost and retail in an effort to show some profits, and to enable them to reward those people in the industry suitably.

* * *

Spring Haberdashery

The coloring of shirts for spring will be less excessive, says Men's Wear Review. Deeper colors are being featured by shirt makers and dust tones are expected to find high favor. There is a wide range of collar shapes with the tab and the button-down riding high—especially the latter. The tab is more of an autumn favorite.

There is a division of opinion about the slotted and fused collars. Some claim that these styles are losing ground; others expect for them even wider acceptance than in previous seasons. The end of spring consumer buying will tell.

In coloring, there is a definite tendency to green in the shirts for spring. Blue is a perennial favorite. Neckwear, is brighter and foulards have lost none of their popularity.

* * *

Honey Surplus?

Hampered by unfavorable freight rates for export sale and inundated by the largest crop in the history of the province, Manitoba bee keepers are experiencing difficulty in disposing of their 1936 crop, says Winnipeg Free Press.

The 3,400 bee keepers in Manitoba harvested 5,000,000 pounds of honey last year, according to Government reports, or approximately 10 pounds per capita. This, it is said, is too large a crop for local consumption.

Estimates do not agree on the amount of honey unsold. A Dominion Government estimate says, 1,500,000 pounds lay in storage in Winnipeg, but a private check indicated the figure was less than 300,000 pounds.

* * *

Canals Busy

Freight traffic on the Welland Ship Canal amounted in 1936 to 10 million tons compared with 8.9 million in 1935 and 9.3 million in 1934, the previous record. Nevigation opened two weeks later than in 1935.

SHOULD INTEREST RATES RISE?

The relation between interest rates and unsound business expansion is receiving widespread attention. Various views of importance to investors are expressed in our February Investment Letter. A copy will be mailed upon request.

A. E. AMES & CO.
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February Bond Letter

This Letter indicates by charts the trends of government and corporation bonds over the past three years. A list of securities suitable for the investment of surplus funds is included. A copy will be mailed to you upon request.

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WEEKLY MARKET DIGEST

A resume of important news on Industrial and Mining Stocks, will be sent on request.

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320 Bay Street, Toronto

"This World-Wide SERVICE WILL HELP EXPAND OUR BUSINESS"

ARE YOU a producer of something for which there is a demand in some foreign country? If you have such a product, and are not exporting it, you may be overlooking a profitable opportunity.

Canadian Trade Commissioners are posted in thirty-two countries—in every country with which Canada does a substantial export business. If you are interested in extending your sales in foreign fields the Commercial Intelligence Service is prepared to assist you.

This service exists to obtain reliable first-hand data for Canadian producers. It is a service you have a right to use. Canada's Trade Commissioners have been trained especially to aid in discovering new markets abroad for Canadian exporters—to furnish information—to build up commercial connections—to do almost everything except secure the actual orders.

Export business today calls for more careful study than ever—for accurate information on exchange conditions and on import restrictions of all kinds. The Trade Commissioners are on the ground to secure and supply such information.

How Canada's Trade Abroad is Promoted

The Commercial Intelligence Service, supervising the world-wide organization of trade representatives, places in the hands of Canadian business men all the important findings of these representatives. Trade tendencies abroad are promptly reported to the Department and Canadian exporters are given the results of special market surveys through the Commercial Intelligence Journal, issued weekly at Ottawa.

Trade Commissioners in all quarters of the globe not only promote dealer and consumer acceptance of Canadian products but also undertake many export market surveys. These surveys are made either on their own initiative or at the request of Canadian firms. They cover such varied matters as the potentiality of a foreign market for specified goods, the peculiarities of foreign tastes, the competition to be met, the methods of packing and shipping, channels of distribution, terms of payment, and almost every phase of merchandising.

When market surveys indicate good openings for Canadian export business the Trade Commissioners establish contact between Canadian exporters and reliable import firms abroad.

Enquiries on export trade are always welcome.

HON. W. D. EULER, M.P. MINISTER

DEPARTMENT OF TRADE AND COMMERCE
OTTAWA

JAMES G. PARMELEE DEPUTY MINISTER

TC-364

Prince Edward Bondholders Accept Offer

30% Cash, Balance New Securities for Hotel at Windsor

CARDY-ROSS BUYERS

Bondholders of the Border Cities Hotel Co., now the Prince Edward Hotel Co. have accepted the offer of George A. Ross and Vernon G. Cardy, of Montreal, to purchase their hotel in Windsor. Of the $715,000 7½% first mortgage bonds outstanding, the bulk was represented at the special meeting last week and the Ross-Cardy offer was accepted by nearly all the bondholders present. When finally approved by the courts bondholders are to receive for every $1,000 in principal amount of old bonds the following:

1.—$300 in cash.

2.—$700 in new 10-year second mortgage debentures bearing interest at 2% for the first two years and thereafter 4%. Within 45 days holders of these new second mortgage bonds have a further option of converting them into cash at the rate of $300 for every $700 in bonds.

To provide the necessary cash to handle the above commitments Mr. Ross is arranging for a 10-year 5½% mortgage of $350,000. This will also take care of some small mortgages amounting to $27,000 on property adjacent to the hotel.

Previous to the offer bonds were quoted at about 28 bid, but this price has now been raised to around 50. But it is understood there have been few actual sales for several months, holders being confident the situation was improving.

The purchasers have agreed to spend $50,000 on improvements and furnishings for the hotel and another $30,000 will be similarly spent out of current earnings within the next three years. The company's balance sheet as at Nov. 30, 1936, showed current assets exceeding current liabilities by slightly over $50,000.

George A. Ross, partner in Ross and MacDonald, Montreal architects, made an almost identical purchase with Vernon G. Cardy of the General Brock Hotel at Niagara Falls, Ont., a few years ago. Vernon G. Cardy is managing director of the Mount Royal, Montreal, president General Brock, Niagara Falls, and vice-president of the Royal Connaught at Hamilton. All are now under the Cardy management as will be also the Prince Edward of Windsor.

ADDS TO CHAIN

Vernon G. Cardy, prominent Canadian hotelman who has just added the Prince Edward of Windsor to the chain under his management which comprises the Mount Royal in Montreal, Royal Connaught in Hamilton and the General Brock at Niagara Falls, Ont.

Ontario Passes 3 Hydro Bills

Three new bills have now been passed by the Ontario Government in connection with litigation over cancellation of power contracts of the provincially-owned Hydro-Electric Power Commission.

They are as follows:

1. An Act to amend the Power Commission Act, which, in effect, provides: (i) property of the Hydro is exempt from judgment; (ii) no action, even by officers of the courts, may be taken to enforce any judgment against the Hydro; (iii) such judgments are not to be liabilities of the Hydro.

2. An Act to amend the Privy Council Appeals Act. This provides that money paid into court by the Hydro in connection with appeals to the Privy Council is to be returned to the Hydro by the court.

3. An Act to declare the meaning of a subsection of the Power Commission Act. This provides that without the consent of the attorney-general of Ontario no action of any kind may be brought against the Hydro-Electric Power Commission of Ontario and is retroactive.

The third of these bills became effective upon receiving the Royal Assent a few days ago. The first two only come into force upon proclamation which has not yet occurred.

May Compel Pool Selling Of B.C. Fruit

Provincial Legislation Replaces Cast-off N. P. M. A.

BIG PENALTIES

From Our Own Correspondent

VANCOUVER.—If fruit growers in British Columbia openly defy the provincial compulsory marketing programme now in force, they will be liable to fine or imprisonment. The Provincial Government, feeling that it has an overwhelming majority of the growers behind it, intends to "crack down" on insurgents or those who persist in their conception of "rugged individualism."

The cabinet has approved a new measure giving effect to the action of the legislature, aiming to take the place of Federal Natural Products Marketing Act, which has been invalidated by the courts. Plans are under way to have this new legislation tested in the courts.

Control Sales

Under its new powers the so-called interior fruit board, controlling the great orchard district of Okanagan Valley, will control the movement of fruit more completely than in the past. It will control the fruit during transportation and warehousing, and it will have the right to compel central control of all selling. All shippers are to be agents of the central agency established by the board and thus must sell as the board decides.

While the province lacks direct control over exports from the province, in effect they will be controlled in the fruit industry inasmuch as the shippers will only ship as the board directs. It is not intended, however, to handle returns from fruit sales through the central agency. Each shipper will handle his own returns.

Big Penalties

Failure to observe the orders of the board in this new plan for central control of selling will make growers and shippers liable to the penalties of the Marketing Act. Offenses may be punished by fines ranging from $25 to $500 or by jail sentences up to three months. These penalties can only be enforced by court action and not by the marketing board itself.

Some Opposition

Although a majority of growers and shippers are believed to be behind compulsory market control, there is a strong independent group opposed to it. Leader of this faction is Basil Gardom, dairy operator, who has strenuously battled all attempts at control.

"It is time we got down to earth and acknowledged that supply and demand, quality, service and goodwill are the only factors which will determine the price of any commodity," says Mr. Gardom. "Interference is unnecessary and an enormous cost to producer and consumer."

Partly due to the activity of Mr. Gardom and his associates, the important dairy industry of the Fraser Valley is split on the question of controlled sales, and the situation there is likely to remain chaotic for some time; at any rate, until the provincial law has been thoroughly tested in court.

Income Tax Problems

Can reserves for bad debts, or any part of them, be turned back into the regular surplus account and then used for dividend purposes? If so, what provision must be made for income tax?

We understand that if a limited company is wound up, any reserves, including that for bad debts could be used in any way at all. However, we have been informed that there is a legal ruling that in the ordinary course of business, such a reserve cannot be used for any other purpose than to take care of bad debts which accrue from year to year. Is this merely a ruling of the income tax department or is it a hard and fast law pertaining to limited companies?

Our company is incorporated under Dominion laws. Would there be any difference in the answers to the above questions if we had an Ontario charter?

There is no ruling, either legal or by the income tax authorties, which prevents reserve for bad debts, or a portion of it, being transferred to surplus for distribution as dividends. There is a ruling of the income tax department providing that such transfers are, generally speaking, subject to tax.

The department considers that 10% of accounts receivable represents a fair total for bad debts reserve, although this ratio may vary between different industries. Any amount transferred from profits to reserve fund, within the maximum allowed by the department, is free from income tax. Thus, to take any part of the reserve and distribute it as dividends to shareholders would simply be distribution of untaxed profits of the business. It is on this basis the department justifies its position.

If the tax department is convinced that a bad debts reserve is excessive, it may insist that it be reduced, and that tax be paid on the amount transferred from it. For instance, in a period of depression, accounts receivable of a business might have mounted to, say, $50,000, and bad debts reserve increased to $5,000. With advent of better times, receivables might drop to $30,000. If the company could show no good reason why the reserve should be maintained at $5,000, the department might require it to pay tax on the amount by which it was in excess of normal.

If, however, it is found that an excessive bad debts reserve has been built up in a period in which the company showed operating losses, it is probable that the transfer required to bring it into line with requirements would be tax free. The position here, of course, is that, not having made any profits, the company should not be taxed on bad debts appropriation in those years. For this exception to apply, the transfer to bad debts reserve in any one year must be less than the operating loss. Otherwise, an untaxable reserve could be built up at the expense of profits.

In so far as payment of income tax is concerned, it makes no difference whether your company has a Dominion or provincial charter.

This is a regular feature of The Financial Post. If you are a subscriber your income tax problems will be answered here.

Obituaries

Henry Beauclark, Montreal, president of Stanwick Investments Ltd., director of Canadian Car and Foundry and other companies and former director of the Bank of Montreal.

Dr. George A. McQuibban, Liberal member of the Ontario Legislature for North Wellington and former leader of the Liberal party in the House before the election of 1934. Dr. McQuibban died suddenly in Toronto.

W. S. Morden, K.C., Toronto, former president of the Canadian Manufacturers' Association. He was president of Canadian Talc Co., and Federal Fire Insurance Co., vice-president, Chartered Trust and Executor Co. and director of Consolidated Fire and Casualty Insurance Co., Fibre Boxes Ltd. and other companies.

Thomas L. Simmons, chief engineer of the Board of Railway Commissioners at Ottawa.

Edward F. Seagram, internationally known racehorse owner and president of J. E. Seagram and Sons Ltd., Waterloo distillers. He was 63.

Rogers Radio Year's Profit Is Good News

Probably 60c a Share for Full Year, But Dividend Unlikely

BEST SINCE 1931

The best news since 1931 for shareholders of Rogers Majestic Corp. was the recent announcement that earnings for the nine months ended Dec. 31, 1936 were approximately 60 cents a share after all charges. It is not anticipated that results for the remaining three months of the year will contribute anything further to earnings. Consequently, when the annual report appears, the earnings for the full year ended March 31, 1937, appears likely to be around 60 cents a share.

The extent of the improvement is indicated by the fact that earnings amounted to only 1.7 cents a share in the year ended March 31, 1936, and to only .8 cents a share in the preceding year. Earnings ran over $3 a share in 1930 and 1931, but in the three succeeding years there were substantial deficits after all charges.

Effects of Gain

There are 200,000 class A shares and 15,000 class B shares outstanding. Thus, earnings of 60 cents a share would represent a net surplus for the year of $129,000 after making substantial charges for depreciation. This would eliminate the deficit which stood at $111,045 at March 31, 1936, and leave some $18,000 to be carried forward in the surplus account. The modest size of the surplus, however, bears out the official indication that no dividend is in sight at present.

The effect of improved earnings on the company's liquid position is important. Last year, current assets amounted to $1,083,000 and current liabilities to approximately $91,000, leaving a net working capital of some $992,000. Coupling the probable surplus of $129,000 with substantial charges for depreciation in the current year, it appears likely that working capital will be expanded by over $200,000.

While the company manufactures numerous household electric appliances, its chief business is in radios. Volume of sales fell sharply during the depression with the result that many radios purchased prior to this have now become obsolete. This leaves room for a maintenance of improved sales.

When your car skids crazily and your heart sinks—you're driving too fast for safety. Exactly what you do depends on your driving experience, but the instructions given above are well worth learning by heart.

Swerving suddenly or jamming on your brakes at high speed may cause skidding even on dry roads. But a slight swerve or a sharp turn even at reasonable speed on wet, slippery or icy pavements may cause a skid. Tires worn smooth and unequal brake pressure are the cause of many serious skids. Yearly, thousands of drivers are involved in skidding accidents which cause either death or injury.

Like so many emergencies in our lives, most skids can be prevented. Good drivers try to avoid situations which require emergency actions by foreseeing them before they happen. They always adjust their speed to road conditions, obey signals and concentrate on their driving.

* * * *

Send for your free copy of "The Real Driver's Log Book." This booklet gives you valuable suggestions for keeping your car in safe driving condition. It also contains ruled pages on which to record performance and repair costs. Address Booklet Department 2-F-37.

METROPOLITAN LIFE INSURANCE COMPANY

CANADIAN HEAD OFFICE—OTTAWA

FREDERICK H. ECKER, *Chairman of the Board* — LEROY A. LINCOLN, *President*

SERVING CANADA SINCE 1872

Dividend Payments Increase $1.4 Million in February

The upward trend in dividend payments by Canadian corporations continues, declarations payable in February totalling $5.7 millions, according to a compilation by The Financial Post. This is an increase of $1.4 millions over the corresponding month of 1936.

Total payments and declarations for the first two months of the year amount to $28.1 millions, an increase of $7.8 millions over the same months of 1936.

Bond interest payments for February are also slightly higher, being estimated at $17.3 millions as compared with $17.1 millions in Feb., 1935.

The only initial dividend of the month is $1.25 a share on the new 5% preferred stock of Distillers Corp.-Seagrams Ltd.

Extra dividends are being paid by Canadian Bronze, Canadian Investment Fund, Canadian Investors Corp., Commonwealth International and Steel Co. of Canada.

Payments on preferred dividend arrears are being made by Frost Steel and Wire, Ontario Steel Products and Zimmerknit Co.

Coast Breweries has increased its dividend from 23 to 27 cents a share and Wright-Hargreaves Mines is paying an interim dividend of 10 cents a share.

Details of February dividend and interest payments follow:

Summary of February Payments

	1937 $	1936 $
Dividends	5,722,623	4,311,291
Bond interest	17,334,473	17,159,905
Total	23,057,096	21,471,196

Dividend Payments

Company	Rate $	Date	Amount $
Anglo Can. Tel., pf.	.87½q	1	57,750
Assoc. Tel., 1st pf.	.42	15	19,821
Do., 7% pref.	.49	15	16,153
Beatty Bros., 1st pf.	1.50q	1	15,000
Blue Ribbon, pf.	.50q	1	14,925
Brewers & Distillers	•1	1	608,984
Buffalo Ankerite	.12½q	15	87,709
Calgary Power, pfd.	1.50q	1	90,000
Can. Bronze	.25q	1	20,000
Do., bonus	.75	1	60,000
Do., pref.	1.25q	1	9,000
Can. Converters	.50q	15	8,667
Can. Inv. Fund, sp. & ord.	.03½	1	31,778
Do., extra	.02½	1	22,699
Can. Investors	.10q	1	10,000
Do., bonus	.05	1	5,000
Canadian Oil, c.	.12½q	15	17,970
Coast Breweries	.27q	1	48,685
Comonwealth Int'l	.04q	15	4,871
Do., extra	.01	15	1,217
Corp. Investors	.05½q	15	5,226
Cosmos Imp., c.	.25q	15	25,000
Crown Cork	.20q	15	20,000
Distillers-Seag., pf.	†1.25	1	187,500
Dom. Bridge	.30q	15	154,185
Frost Steel, 1st pf.	*1.75	2	14,717
Guelph Carpet, pf.	1.62½q	1	11,930
Gurd, Chas., pf.	1.75q	15	4,550
Howey Gold	.02	1	100,000
Humberstone Shoe	.50q	1	10,000
Imperial Bank	2.50q	1	175,000
Inter. Nickel, pf.	1.75q	1	483,486
Inter. Utilities, pf.	1.75q	1	19,230
Do., $3.50 pfd.	.87½q	1	95,232
Kelvinator, pfd.	1.75q	15	8,680
Mtge. Corp. of N. S.	1.75q	1	11,900
Nipissing Mines	.25	20	300,000
Ontario Steel, pfd.	1.75q	15	6,304
Do., on arrears	2	15	7,206
Paterson, Wm., pf.	1.75q	1	1,050
Penmans	.75q	15	48,388
Do., pref.	1.50q	1	16,125
Quebec Power	.25q	15	138,299
Rolland Paper, c.	.25	15	15,000
Root Petroleum, c.	.25	1	84,011
Saguenay Pwr., pref.	1.37½q	1	68,750
Shawinigan W. & Pr.	.20q	15	435,650
Sherbrooke Trusts	1.50q	1	4,500
Simpsons, pref.	1q	1	112,500
South. Can. Pwr., c.	.20q	15	80,000
St. Law. Flour	.75q	1	9,000
Do., pref.	1.75q	1	10,062
Steel of Can.	.43¾q	1	201,250
Do., extra	2	1	920,000
Do., pref.	.43¾q	1	113,685
Toburn Gold	.02q	23	37,000
United Corp., A	*.75	15	48,203
Weston, Geo., pref.	1.25q	1	21,875
Wr.-Hargreaves	‡.10	1	550,000
Zimmerknit, pfd.	*7	15	17,500
Total			5,722,623

q—Quarterly. †Initial. *On arears. ‡Interim. •Capital distribution.

BOND INTEREST DUE IN FEBRUARY

Company:	Rate	Date	Due	$
Albert Bay, 1st mtg.	6½	1	1942	10,952
Canada Bread	6	1	1941	24,339
Canada Foundries	6	3	1943	2,979
Canada Machinery	6	1	1940	4,866
C. Nat. Ry. Eq. 'G.'	5	1	Serial	112,500
Do., Gtd. Gold	5	1	1970	450,000
Do., Gtd. Gold	5	1	1954	1,250,000
Do., Gtd. Gold	4½	1	1956	1,575,000
Can. Pac. Rly.	3	15	Serial	75,000
Do., coll. tr.	3½	15	1951	175,000
Can. Vickers, A	6	1	1947	75,195
Confed. Amuse.	6½	1	1951	10,562
Dom. Tel. Secs.	5½	2	1978	27,500
Dryden Paper	6	1	1949	40,260
Federal Grain, A	6	1	1949	105,720
G.T.R. deb. stk.	5	1	Perp.	331,307
G.T.R. Nor. Rly.	4	1	Perp.	29,998
Holt Renfrew	6½	1	1937	11,927
Maclaren Que. Pr.	5½	1	1961	330,000
Mtl. Dry Docks	6	1	1948	16,935
Mtl. L. H. & Pr.	3½	1	1956	175,000
Que. Telephone 'A'	5	1	1955	10,000
Restigouche Co.	6	1	1948	141,780
United Corp., inc.	5	15	1953	112,472
Un. Amusement 'A'	5	1	1956	31,250
Wabasso C., 'A'	3½-4	1	Serial	38,500
Wood, Alex. & J.	6	1	1944	5,109
Zimmerknit, 1st	6	1	1951	7,500
Do., 2nd mtge.	6	1	1961	14,649
Corporation				5,196,300
Provincial				3,840,173
Municipal				1,670,000
Dominion				6,628,000
Total				17,334,473

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Canada Packers

What are the prospects for common stockholders of Canada Packers Ltd?

The position of common stockholders of Canada Packers Limited has improved steadily over the last five years. The company is one of the leaders in the meat packing and produce business in Canada, and with extension of the British Empire trade agreements, coupled with continued stability in the level of the pound sterling, the company is still in a position to show improvement in volume of business and earnings. For the current year which runs to March 31, 1937, we believe that earnings have been running at or above the same levels as last year when they amounted to $4.86 a share on the common stock. This provides a very comfortable coverage for the dividend of $3 a share.

Five years ago, the company's subsidiaries had funded debt outstanding of approximately $5.1 millions and Canada Packers also had over $6 millions of 7% preferred stock outstanding. The preferred and the subsidiary bonds have been eliminated by issuing $6 millions of bonds and by using part of the substantial working capital which had been built up in recent years. The new bond issue calls for redemption of $3 millions by Jan. 2, 1940, and provided the company's past successes are continued, it may be possible to eliminate the funded debt by the time the final $3 millions comes due in 1946. Redemption of the entire $6 millions, on an average interest basis of 3½%, would indicate a saving of some $200,000 annually, equivalent to approximately $1 a share on the 200,000 shares of outstanding common stock.

Imperial Oil

How can Imperial Oil continue to pay dividends of $1.25 a share if these, as I understand, are not being covered by earnings?

Imperial Oil has been earning slightly less than $1 a share, compared with the dividend of $1.25 a share. The company gets its major revenue from its producing subsidiary, International Petroleum. Both companies have enormous reserves which would allow them to pay these dividends in excess of earnings for some years. However, with improved demand for petroleum, and the possibility that International Petroleum may get a somewhat higher price for its product, there is also the possibility that in a comparatively short time, the earnings will cover dividends. This does not necessarily mean, however, that Imperial Oil earnings are likely, in the immediate future, to cover the dividends, because International Petroleum is already paying dividends in excess of its own earnings. The position of Imperial Oil appears to be one of strength and stability, but it is hardly likely that further major increases in dividends will develop in the near future.

Cockshutt Plow

Is Cockshutt Plow out of the red or will it be some time before its earning power is restored?

Cockshutt Plow reports a small profit for 1936, as contrasted with severe losses in the worst depression years. The company has only 300,000 shares outstanding, the only senior liability of importance being a substantial bank loan. Bank borrowings of this type are the normal thing in the agricultural implement industry where a large volume of sales must be financed on the installment plan. The company has had improved collections and sales, and expectations are that if present improved prices for agricultural products should prevail in a season of normal crops, the company would receive a very substantial increase in business which would naturally be reflected in earnings.

Assets Holding

I would be glad to receive any information you have regarding the value of Assets Holding Co. debenture stock.

The 3% redeemable debenture stock of Assets Holding Co. was paid at full face value on Feb. 1, 1937, with interest to that date at 3% from Oct. 1, 1936, which was the last date on which interest was paid. The payment is to be made through Chartered Trust and Executor Co., Montreal. The payment returns 100 cents on the dollar, with interest to creditors of Greenshields & Co.

Algoma Steel

I would appreciate your view of the investment policies of Algoma Steel Corp.

The present Algoma Steel Corp. is a reorganization of predecessor companies which went into bankruptcy in 1932. Shareholders of the previous company were entirely wiped out. The outstanding capitalization of the company at present consists of $2,470,500 of 5% preference stock and 396,900 shares of no par value common stock. The common stock capitalization is after giving effect to a four for one split in common stock authorized July 4, 1936.

In the year ended April 30, 1936, the company reported a net profit of $531,860 which is equivalent of $22.41 on the preference stock and $4.22 on the common stock. We are informed that in the first half of the current fiscal year, profits were considerably lower, but indications are that in the last half of the year there will be improvement. A C.P.R. rail order of substantial proportions, for instance, has been received. Possibilities of higher wage agreements, on the other hand, may of course, offset some of the anticipated progress.

Brazilian Traction

Do you think Brazilian Traction will go to $30 a share in 1937?

Brazilian Traction will show a substantial improvement in earnings for 1936, and because of more favorable foreign exchange conditions it was able to pay cash dividends of 70 cents a share on the common. There are expectations, which have not been confirmed officially, that the company will be able to pay $1 a share for 1937. It is a question of opinion as to just how much this would strengthen the price of the shares.

Beatty Brothers

Does the income record of Beatty Brothers Ltd. in the last few years indicate that the common stock is a reasonably good investment?

Beatty Bros. has shown earnings of slightly over 40 cents a share in each of the last two years, and, we understand, has enjoyed substantial improvement in business since the last fiscal year closed on Aug. 31, 1936. The shares are well regarded by interests close to the company.

As to dividends, the company paid $2 a share in 1930, $1 a share in 1931 and continued this rate until Feb. 1, 1932, when dividends on the common shares were stopped. Earnings were approximately $7 a share in 1929, $3.61 in 1930, and there were deficits of 14 cents a share in 1931, 80 cents a share in 1932, $1.95 a share in 1933 and 56 cents a share in 1934. In 1935, earnings were 40 cents a share and in 1936 about 42 cents a share. No dividends have been paid for the last five years, but some payment may be possible in 1937.

United Steel

Will common shareholders of United Steel benefit from any increase in earnings which may have taken place in 1936?

United Steel Corp. showed earnings in 1935 of approximately four cents a share on the class A preference stock, and had improvement in 1936. However, preference dividends of $33,000 annually have to be earned before there is anything in sight for the common.

The company is the successor to the former Dodge Manufacturing Co., and in addition, through ownership of nearly all the outstanding common shares controls Standard Steel Construction Co. The latter firm did very much better in 1936, but still has some arrears of preference dividends to pay. This year, dividends on the 22,000 shares of United Steel class A preferred stock accrue, and it remains to be seen whether the company will have anything left over for the common shares after dealing with the Standard Steel arrears and after considering its own first preference stock.

Hamilton Bridge

Is there likely to be any improvement in earnings of Hamilton Bridge? I understand the company had a loss in 1935. What charges come ahead of the common?

Hamilton Bridge has not yet published its earnings for 1936, but there has been a substantial improvement over the total deficit of $91,207 shown for 1935. A profit is expected to be shown but the size of the earnings is uncertain, especially as the company has not been charging depreciation in recent years. A large depreciation charge to make up for absence of this entry in the past few years would reduce the amount of profits shown available for dividends.

Hamilton Bridge has outstanding 21,875 shares of 6½% preferred stock, on which annual charges amounted to $142,188. In addition, the shares are in arrears of dividends of more than $27 a share. There are 100,000 common shares outstanding.

Fairbanks-Morse

Would you be good enough to let me have your views on Canadian Fairbanks Morse preferred stock as an investment?

Canadian Fairbanks Morse's statement for 1936 is expected to show a further improvement in earnings. While the preferred dividend was not fully earned from 1930 to 1935, the company nevertheless maintained dividends in full, which it was able to do owing to its very strong liquid position. At the end of 1935, current assets amounted to about $2.8 millions as against current liabilities or only $200,000. The record of the company since its incorporation in 1905 has been a favorable one. The preferred stock is well regarded.

Silverwood's Dairies

What is the position of the new 6% Silverwood debentures as an income investment?

Silverwood Dairies is earning the interest on its 6% debentures and will make the payment due April 1, 1937, we are informed. The interest appears to be covered after allowing for substantial depreciation charges and taxes. The debentures are junior, of course, to the issue of $1.2 million of 5% first mortgage bonds. But the recent refinancing of the company has placed it in a strong working capital position, and has reduced the total of fixed charges, so the position of the new debentures appears satisfactory under present business conditions.

It is important to note that dairy companies have had a serious problem in the rise of taxes, particularly the sales tax on food products, coupled with increasing costs of their raw materials. On the other hand, they have had some difficulty in obtaining higher prices for their products at retail. The present position in Ontario, however, is regarded as more encouraging.

Frost Steel

I would like an idea of the current earnings situation of Frost Steel and Wire Co. and the charges ahead of the common.

Frost Steel and Wire showed earnings, available for dividends, of $75,721 in the year ended Oct. 31, 1936, compared with $57,705 in 1935. There are arrears of dividends of 19¼%, or $161,892 on the 8,410 shares of 7% first preferred stock. And there are arrears of 36¾%, or $183,750 on the 5,000 shares of 7% second preferred. Annual dividend charges on these two issues amount to $93,870, and the first preferred dividend is being maintained in full. But the 1936 earnings fell short of meeting dividends on both issues by $18,149, without taking arrears into consideration. There are 30,000 common shares outstanding.

Donnacona Paper

I am interested in Donnacona Paper and would like to have your views on this security.

Donnacona Paper Co. is sharing in the better conditions prevailing in the newsprint industry and operations have been stepped up to near capacity. The report on earnings for the past year is not expected to show any material change but there should be an increase in profits during 1937 as a result of the higher price for newsprint. Furthermore the company recently raised additional capital for the purpose of increasing productive facilities. It is estimated that, as a result of these extensions and anticipated economies in manufacturing, net revenue available for interest, depreciation and depletion and income tax will amount to $758,496 for 1937 as against $207,076 in 1935. In the event this estimate materializes, the company would be able to show a fairly substantial profit available for the class A stock.

Massey-Harris

Will you please tell me the amount of dividend arrears per share on Massey-Harris preferred?

Massey-Harris 5% preferred stock was in arrears of $30 a share at the close of the fiscal year, Nov. 30, 1936. The arrears increased by $1.25 a share each three months.

Brewing Corp.

Does the high yield from Brewing Corp. preferred indicate that the shares are not considered a sound investment?

Brewing Corp. preferred sells at a high yield basis because the company has not been earning the half dividend of $1.50 a share after depreciation. Unless the earnings situation improved, eventually the company would have to pass the dividends. However, there has been no indication of any immediate intention to pass it and meanwhile the company's position may be improved by recent consolidations of operations.

Mexican Power

What is the reason for the disappointing earnings of Mexican Heat, Light and Power and the low price of the bonds?

Low rates for electric power arbitrarily imposed on Mexican Light and Power by the Department of National Economy of Mexico on Aug. 1, 1934, drastically curbed 1934 and 1935 revenue. From August, 1935, however, gross and net earnings, as measured in Canadian currency, showed increases. This trend has continued into the present year despite the strike of workers which tied up the company's plant in July.

While gross earnings have increased, net earnings have been affected by higher taxes and a new collective contract with employees. The decline in net earnings has been continuous since 1929 and in 1933 and 1934 the company did not earn, after depreciation, sufficient charges together with interest and sinking fund charges for the 6% cumulative income bonds. Uncertainty of investment in Mexico, the attitude of the Mexican Government and also the past experience of the company adversely affect the market for its bonds.

Asbestos Corp.

Will you please let me have some information on the common stock of Asbestos Corp?

Asbestos Corp.'s earnings for 1936 were larger than in 1935, when there was a net profit of $15,415 after all charges. The latter figure does not look large, but it must be remembered that in 1934 there was a loss of $142,846 on the same basis. Indications are that the report for the past year will show a fairly substantial amount available on the common stock. No dividends can be paid until the sinking fund on the general mortgage bonds, arrears of which amounted to $982,000 at the end of 1936, have been brought up to date. Rather than pay off the sinking fund arrears, it is generally believed that the company will take steps to redeem the general mortgage bonds, either through a bank loan or a new issue of securities. This would seem essential in order to justify the present price of the common.

Bruck Silk

Would like to have your data on Bruck Silk Mills which I note is now selling around $8.75.

Bruck Silk Mills' sales since the end of the last fiscal year on Oct. 31, 1936, are reported by the president to have shown satisfactory increase over the same period of the previous year. However in the 1936 year the company reported a net profit available for dividends of only $2,475. This is the lowest figure reported since 1922 and was well under dividend payments. As a result the company found it necessary to reduce the dividend rate from 30 cents quarterly in 1935 to 20 cents in 1936 and to the present rate of 10 cents quarterly. Prospects for 1937 are considered better by the directors, as the upward trend experienced in the last four months of the past fiscal year has continued into the present period with a further indication of higher prices.

Beauharnois

I would like to have your opinion on Beauharnois common shares from the investment viewpoint.

Beauharnois common shares are still regarded as an uncertain issue. Without revenue from the Ontario Hydro, the company is unable to earn interest on the operating company's first mortgage bonds, let alone the collateral trust bonds of Beauharnois Power Corp. Until the balance of the power is sold, there is no prospect of earnings on the common stock. Meanwhile the company is attempting to establish the legality of the repudiated contract between Ontario Hydro and the company. Some success has been met with along these lines, but, as the Ontario government has enacted further legislation to protect its position, the position of Beauharnois is still obscure.

Canadian Marconi

I would be very grateful to receive some information regarding Canadian Marconi Co.

Canadian Marconi Co. has recorded improvement in its position, but earnings on a per share basis are still negligible. Net profits in 1935, after writing off $154,100 for depreciaiton, amounted to $88,660. This was equivalent to two cents per share on the 4,554,682 shares outstanding.

While the report for the past year will not be available for another month or two, it is expected to show a further gain in liquid position and earnings. No dividends have been paid on the common stock, nor is there any prospect of a payment being made in the immediate future.

Canadian Canners

What were the high and low prices of Canadian Canners' common in 1929, dividends paid, and equity compared with the present equity?

Canadian Canners' common shares sold as high as $28 a share in 1929 and as low as $16.50. A dividend of 50 cents a share was paid in 1929 and there was then an equity of $19.90 a share for the common. This equity has disappeared subsequently, but does not preclude the company from enjoying earnings on its common shares.

Rackets

"Press Pictures"

Eastern Canadian businessmen are the victims of a new form of photographic racket, more naive than vicious.

Businessmen are being canvassed by agents with a view to having their photographs made so that these will be "available for publication" and the impression is given that the agent is a representative of a "press association." It is indicated that the subject of the picture is of sufficient prominence to demand that such pictures be on hand but details of the "press association" are notably vague and the agent is careful not to commit himself to the point where actual misrepresentation could be proved. Since the victim is usually flattered by what he believes to be a recognition of his own importance no great difficulty is encountered by the psuedo "press association" agent.

There is a rather disappointing sequel, however, when the agent suggests that the subject may require a half dozen or so pictures for his own use. It is made clear that an order for prints of the photograph is in order and a hint is given that the order would ensure a wider distribution of the picture for purposes of publication.

The fact that the hint is given with more emphasis than any other phase of the transaction usually serves to warn the intended victim of the racketeering factor involved, but others are too much impressed by the request for pictures for "press use" to see through the scheme. Better Business Bureaus are combatting the racket in Toronto and elsewhere, but the similarity in names between the racket photograph "services" and legitimate press services frequently deludes the victim until he finds that it was only a new "sales stunt" carried out with more than usual knowledge of human vanity.

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Toronto Stock Exchange Building Opens March 20

New building of the Toronto Stock Exchange is expected to be opened about March 20. This is about two weeks later than had originally been expected.

It is understood that Charles R. Gay, president of the New York Stock Exchange, will officiate at the opening ceremonies. Mr. Gay has become widely known from numerous addresses he has made in the past two years in his official capacity.

The opening of the new building will mark the first physical merger of trading activities of both mining and industrial sections which have been operating in separate quarters ever since the amalgamation of the former Standard Stock and Mining Exchange into the greater Toronto Stock Exchange.

The new building will embody devices new to Canadian trading. An outstanding feature of the communications used in the new exchange will be an automatic quotation system. Actual floor quotations will be made available instantly in brokers' offices hundreds of miles away by electrical transmission of bids and offers prevailing on the trading floor.

Bowater Plan Stirs Interest

Move to Buck Scandinavian Price Fixing Seen in Pulp Option

From Our Own Correspondent

MONTREAL.—Tentative plans of an English group headed by Bowater Paper Mills and Edward Lloyd & Sons for development of timber limits at Hamilton Inlet, Labrador, are regarded as of first importance in Canadian newsprint circles.

The group has taken an option for six months on 1,550 square miles of timber limits at Hamilton Inlet. The deal was negotiated by Major Peter J. Cashin, former Newfoundland minister of finance, now living in Montreal.

It is the intention of the group to carry out a survey of the property by land and air as soon as weather permits. If the option is taken up the group will export between 100,000 and 200,000 cords of pulpwood to Great Britain in 1938.

Reason for Option

The British paper manufacturers are dependent upon the Scandinavian countries for their supply of pulp. This dependency has left them vulnerable to concerted price action by Scandinavian operators, and for more than three years the British operators have been looking about for a second source of pulpwood or pulp which could be used to keep the Scandinavians in check.

The situation has become pressing of late and it is possible that the Bowater group will take up their option so as to weaken the hold the Scandinavian producers have over the English pulp market.

In the last three months the price of groundwood pulp in England has been advanced £1-10-0 by the Scandinavians. This has brought the price per long ton up to £6, a level at which Canadian producers can profitably ship to England.

The rapid rise in pulp prices has given serious concern to Bowaters, which produces around 550,000 tons of newsprint annually. The increase has materially added to their manufacturing costs, and if an alternative source of pulpwood or pulp is not secured, both their operating and financial positions are affected.

Southern Canada Calls in Mortgage

Company Takes Initial Step Preparatory to New Issue

From Our Own Correspondent

MONTREAL. — Southern Canada Power Co. has called for redemption on April 1 next, all outstanding 5% 30-year gold bonds at par and a premium of 2½%. Payment will be made in Canadian funds, American dollars or English sterling.

At the end of last September the company had outstanding $6 millions of these bonds.

New Issue Planned

Plans have already been made by the company for the financing of the redemption by an issue of bonds carrying a lower coupon rate.

Application has been made to the Quebec Electricity Commission for approval of the issue and it is anticipated that a public offering of the new bonds will be made some time during the month.

Aluminium Ltd. Share Increase Meets Approval

From Our Own Correspondent

MONTREAL. — Shareholders of Aluminium Ltd, have approved a proposal to issue and sell 50,000 additional shares of no par value common stock. Upon completion of the sale the issued capital stock will be increased by 50%.

No particulars are available as to the price at which the new common stock will be offered to shareholders. As the stock is selling well above $100 a share, it is probable that shareholders will be given the opportunity to purchase the stock at or around $100.

Proceeds from the sale of the additional stock, it is understood, will be used to finance in part redemption of the outstanding preferred stock or its purchase for cancellation.

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TORONTO OTTAWA QUEBEC SHERBROOKE

Seek New Price For B.C. Paper

From Our Own Correspondent

VANCOUVER—Representatives of Powell River Co., biggest Canadian newsprint producer on the Pacific coast, have gone to Texas where they will negotiate with publishers of the southwestern states on a new price set-up.

William Barclay, manager of the newly organized Powell River Sales Co., headed the Vancouver delegation, and it is understood that he will try to make a deal for increasing prices to take effect during the latter half of this year and in 1938.

Whether the Texas price will affect the coast price remains to be seen. Powell River also sells to several California papers, and since the maritime strike much of this business has gone by rail.

Saint John Wages Shock to Dawson

From Our Own Correspondent

SAINT JOHN.—Visiting his native province to inspect his company's mills, New Brunswick-born A. O. Dawson, president of Canadian Cottons, Ltd., expressed himself as "shocked" by rates of wages which, he had been told, certain Saint John industrial concerns are paying. He pointed out that in the mill operated here by Cornwall & York Cotton Co., Ltd., minimum wages as provided by the Ontario Fair Wage Act are the lowest paid. New Brunswick has no minimum wage legislation.

According to reports in the hands of relief bureau officials in Saint John some plants are paying as little as 10 cents an hour. Men working six days a week have appealed for help on the grounds that they could not keep their families on what they earned.

Mr. Dawson declared himself in favor of fair wage legislation for New Brunswick but reminded that "what the rest of the world is doing" would have to be considered. Industries in direct competition with industries in low-wage countries could not survive if they were pressed too hard by wage legislation.

The New Brunswick Government appointed a fair wage officer, but did not provide him with any minimum wage rates to enforce with the result that improvement has not been noticeable.

Newsprint Shipments Up

MONTREAL. — Canada's exports of newsprint paper in December totalled 5.7 million cwt., valued at $9.9 millions, according to the Dominion Bureau of Statistics. This contrasts with shipments of 5.5 million cwt., valued at $9.5 millions in Dec. 1935.

Suggestions for February Investment

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French Group Offers Institutional Bonds

From Our Own Correspondent

MONTREAL.—Comptoir Nationale de Placement Ltée. heads a syndicate making a public offering of $400,000 4% bonds, maturing serially from March 1, 1946, to 1957, of the Sisters of Misericorde. The selling members of the syndicate include René T. Leclerc Inc., Bruno Jeannotte, Dubé, Leblonde & Co., J. C. Boulet Ltée., Paul Gonthier & Co.

Sisters of Misericorde own and direct 13 institutions of which 10 are large hospitals. The present issue is made by the Mother House and secured by all the assets and buildings as well as the general credit of the whole Institute. The bonds are also a specific mortgage on the buildings of the Mother House which are valued at $900,000. The Institution's main source of revenue is derived from tending the sick, but substantial grants are also made by the municipalities and the Governments.

Sarmac Gold Reports Progress at Property

From Our Own Correspondent

MONTREAL.—Preliminary work on the Sarmac Gold Mining Corp.'s property in the Thunder Bay district of Ontario is now well in hand, according to an official statement released by the company. Buildings are being reconditioned, equipment and plant completely overhauled, wood is being cut for heating purposes and final shaft dewatering is making good headway.

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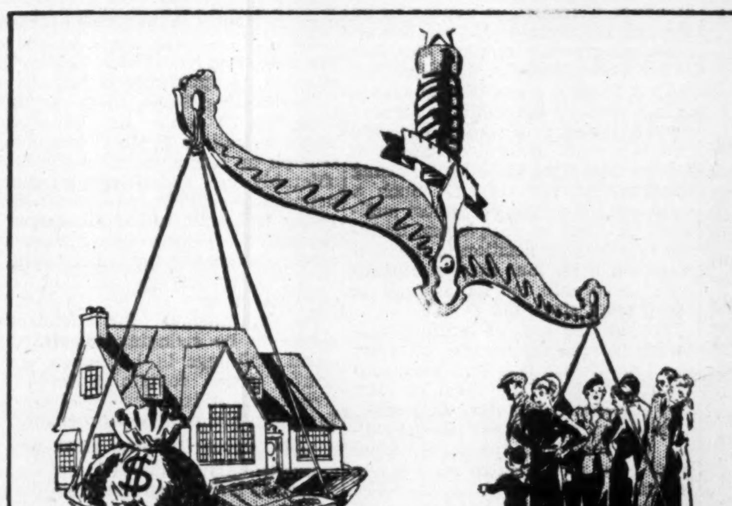

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THE law settles the distribution of the property of persons who die without leaving a will. How your estate would be divided depends upon your place of residence, the nature of your property and the relationship to you of your heirs-at-law.

People who take the trouble to look into the inheritance laws of their Province usually lose no time in making a will—the legal distribution is so far from their own intentions.

It is *always* wiser to make a will . . . one of our Estates Officers will be glad to answer any questions and explain how The Royal Trust Company can serve you as Executor.

Read the column at the right.

THE ROYAL TRUST CO.

In The Construction World

FOUR months rents out of every year's collections on residential property in the larger cities of Canada must be handed over to the municipal tax collectors. This item, as pointed out at the convention of the Toronto Property Owners' Association last week, constitutes one of the main obstacles in the path of new construction. It will not stop the man who desires to build a home for his family, though it does not encourage him. But from an investment standpoint, present-day taxes on the middle-class big city home, are prohibitive. A typical example works out like this:

Total cost	$5,000
Expenditures:	
Money at 6%	$600
Taxes	180
Upkeep	60
Total	$540
Receipts:	
12 mos. rent at $45	$540
Absorbed by taxes	33%
Profit	nil

* * *

Big City Taxes Scare Away Building

CONDITIONS, of course, will vary with every city and with every district. In some cases the total will be more or less according to local improvements. But in several of the largest Canadian cities, out of every $45 received in rent, $15 must be paid into the municipal coffers. The landlord can only break even by ignoring upkeep and depreciation charges entirely and this many of them have been doing for the last five years to the detriment of the rest of the community.

Such conditions are not going to halt residential construction in Canada this year, but they are going to concentrate much of that construction in the suburbs adjoining these tax-oppressed cities. This trend is already in evidence around Toronto and Montreal where advertisements of suburban homes invariably feature "low taxes."

* * *

Governments Must Reduce Burden

CHIEF obstacle in the way of increased residential building a few years ago, was lack of confidence in business recovery. But that feeling of uncertainty, as F. Gordon Osler, president of Canada Permanent Mortgage Corp. stated at the annual meeting of that company last week, is gradually disappearing, "and the natural desire to own a home is beginning to reassert itself." This desire, he stated, is being encouraged by the Dominion Housing Act and the Home Improvement Plan of the National Employment Commission but these two pieces of legislation in his opinion only touch the fringe of the problem, maintained Mr. Osler.

"What we require from governing bodies today is not so much active assistance for building programmes as a removal of the obstacles to building which, directly or indirectly, they have done so much to create.

"The first of these obstacles is excessive taxation of real estate. I have no answer to the man who tells me that it is cheaper to rent than to own the house in which he lives, and that he will neither purchase nor build until he has some reason to believe that the burden of taxation imposed upon real estate will be reduced to its proper proportions and kept within its proper limits."

* * *

See Bright Future For Construction

LEADERS in the Canadian construction field are confident that last year's gain in private building is merely a forerunner of that which will be experienced in the coming season, and with that improvement they maintain that the construction industry alone will not be the only one to gain. Typical of such predictions is the following excerpt from the annual report to shareholders of W. R. McNeil, president of Building Products:

"While private expenditures for new construction have shown only a moderate gain, all signs point to an early and distinct improvement in this field. Already the repair and modernization of existing properties have been stimulated by the Home Improvement Plan. When this plan gets fully under way not only will the building trades have more employment, but manufacturers, wholesalers and retailers will experience an improved demand for all kinds of building products."

Spruce Lumber Export

Reviewing the lumbering industry of Nova Scotia, Hon. J. H. MacQuarrie reports that the output last year was somewhat larger than in 1935, totalling about 385,587,000 f.b.m., while this year the lumbermen of the province are planning a record cut. Last year, he said, Nova Scotia led the Canadian provinces in the export of spruce lumber to the United Kingdom.

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Construction Outlook (No. 4)

Huge Residential Expansion Needed to Meet House Shortage

Require at Least 65,000 New Homes Within Five Years

OUTLAY $225 MILLIONS

By GORDON L. SMITH

Canada has a shortage of at least 65,000 homes. That number, worth nearly $225 millions, could be erected this season and then the country would only be catching up with the backlog which has been accumulating over the last six years.

With only $43 millions going into residential construction in 1936 it is hardly likely that the whole deficiency is going to be made good in one season. Certainly the present market could not absorb such vast new volume suddenly. But double the recent rate of house and apartment building could proceed indefinitely and in addition for the next five years an extra 6,000 homes annually could be built to absorb the present abnormal deficiency.

Annual Requirements $78 Millions

In arriving at these conclusions the most conservative calculations have been used. Normal annual building requirements are placed at $78 millions. This is the average amount of actual residential construction in the last 12 years. It is 40% below the average for the six years ended 1930, and therefore makes ample allowance for the difference in building costs between the two periods 1925-30 and 1930-36.

But this $78 millions average is almost $40 millions higher than the average amount of building in the last six years. It is the equivalent to about 22,000 houses or apartments of an average value of $3,500 or equal to only a little more than 1% depreciation on Canada's 1.8 million homes. This would mean an average life of over 80 years for each dwelling which is certainly very conservative and probably would not be approved by any board of health.

The figures as compiled by MacLean Building Reports, tell their own story:

Residential Building in Canada

		Cost‡ Bldg. materials
1925	$ 96,490,000	102.9
1926	109,562,000	100.0
1927	124,939,000	96.1
1928	139,166,000	97.4
1929	128,901,000	99.0
1930	93,292,000	90.8
Total	$692,350,000	
Aver. 1925-30	$115,392,000	
1931	$ 81,684,000	81.9
1932	28,893,000	77.2
1933	23,930,000	78.3
1934	30,588,000	82.5
1935	36,408,000	81.2
1936	42,858,000	85.7
Total	$244,361,000	
Aver. 1930-36	$ 40,726,833	
Aver. 12 yrs. 1925-36	$ 78,059,000	
Backlog, based on difference between 12-year average 1925-36, and actual building during the last six years	$223,994,000	

The history of residential building in Canada or most other countries for that matter, is one of ups and downs. People will commence buying, contractors will get busy and prices of houses will commence to rise. Eventually after three to 10 years of wide expansion and rising prices the demand will become filled and there will come a recession in building and probably in prices.

Big Expansion Indicated

In the last six months there have been almost unmistakable indications that the expansion period is at hand. Taxes alone appear to be the one unfavorable factor, and an awakening public opinion bids fair to force some relief in this direction.

That there is a shortage of homes is indicated by the statistics already quoted; lowest vacancy figures in the last five years in most centres; and for the first time since 1929 a rising tendency in rent levels. Such a combination would be almost sufficient in itself to push house building into leading position in the construction field. But there are many other favorable factors as well in the present situation.

Though the cost of building materials has risen more than 5% from the low of 1932 it is still very considerably below the level of 1926. The difference therefore still offers a powerful inducement for immediate building, and the rising tendency now also creates an urge in the same direction.

Coupled with this urge to buy is steady economic recovery throughout Canada. Company profits are increasing and wages are moving higher. The latter movement, of course, will certainly be reflected in sharply mounting construction costs, and eventually may check house buying, but in its earlier stages at least it will have a tendency toward restoring the average man's confidence in the future and in his ability to finance his own home.

Mortgage Money Low

Finally, mortgage money is cheap. On good urban residential property today sound first mortgage money costs from 4½ to 6% with the bulk of it probably available at a straight 5%. Five years ago it was fully 1½% higher, and just after the war 7% would have been a fair average.

This decline means a very big reduction in the load of carrying a house. On a $3,500 mortgage the annual interest cost five years ago at 6½% was $227.50. At today's 5% the cost is $175.00, or an annual saving of $52.50. This is equal to a rent cut of almost $5 per month and a total saving of $262.50 over the usual 5-year life of the mortgage. Now while average rents have advanced probably $5 per month, mortgage money has come down a similar amount resulting in a net saving of $10 per month. This sort of thing is going to be responsible for many people deciding to build or buy a house in 1937.

Simpler Financing

Not only has mortgage money declined drastically, but financing of new homes has been greatly simplified.

Under the Dominion Housing Act the prospective owner has only to put up 20 per cent of the total value of the finished property including house, land, architects' and lawyers' fees, etc. The Dominion Government will then put up another 20% and approved lending companies the balance. Both Government and private lender's money are combined in one first mortgage, bearing interest at 5%. Monthly installments of $26.15 pay off this mortgage completely, both principal and interest in 20 years. Arrangements can be made, too, to have the taxes also spread over these monthly bills, which would result in a total monthly carrying charge of under $40 per month in average large cities. This plan permits a man with $1,000 capital or a building lot worth that much money, to go ahead and erect a $5,000 home.

Costs Are Less

Not so long ago the same man would have been asked for a $1,000 cash payment on a ready-built house much inferior in planning and equipment to the homes being erected today. But in addition to the down payment in hard cash there would have also been probably a $1,000 second mortgage of 7 or 8% and a first mortgage of at least 6%. Carrying charges would have been from $40 to $70 a year higher than those prevailing for much better houses now, and other maintenance in the form of fuel, paint, roofing and similar bills would have been proportionately higher.

There are indications that contractors or building organizations are also going to adopt the easy monthly payment plan. This form of payment is beieved largely responsible for the amazing British housing expansion which since the war has resulted in three million new homes.

Moderate Sized Houses

There is no very great difference of opinion as to the type of residential construction that will be required. Houses in the $3,500 to $6,000 class and small apartment buildings are most favored. These figures, of course, are approximate only, as a house costing $6,000 in or around Montreal, Toronto or Winnipeg, might be built in Truro, Sherbrooke, Guelph or Kamloops for very considerably less. But its general characteristics will be the same—six rooms and bath, full size basement, partially tiled bathroom and kitchen, modern plumbing, hot water heating or air conditioning, insulated and fire resistant.

In apartments the tendency seems to be swinging toward the small buildings in high-class residential areas, containing three to five room suites, very modern in furnishings and other equipment.

Apartment Building Outlook

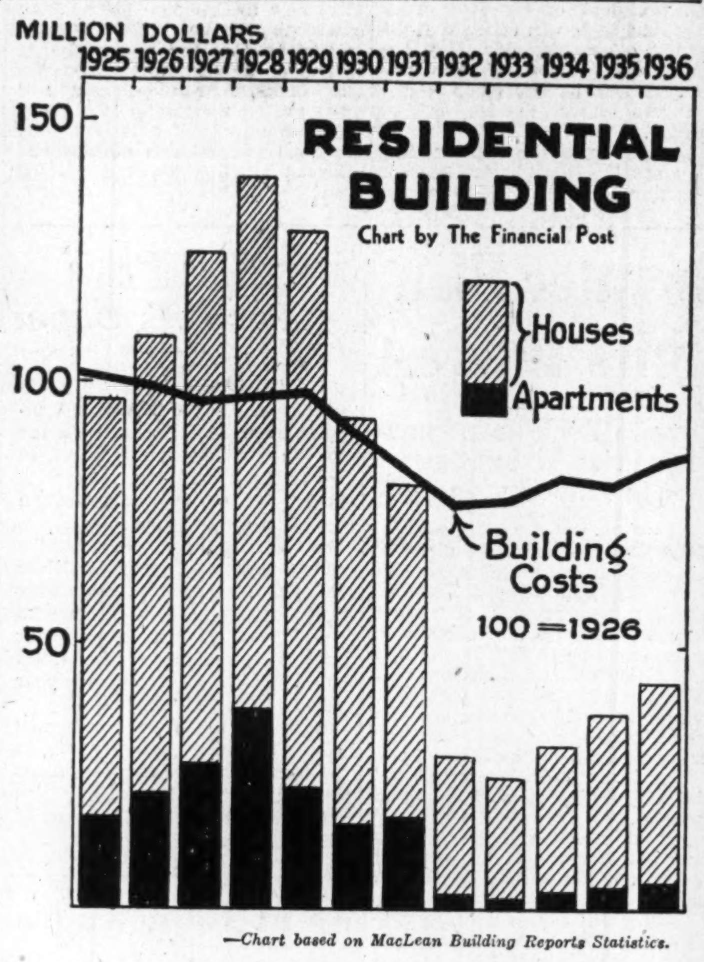
Incidentally, while the situation in regard to larger apartment buildings has shown improvement in the last two years on these large structures there are still too many bond issues in arrears to make the field promising for immediate investment. It was this overbuilding, or perhaps overfinancing that was largely responsible for the slump in apartment building after 1931. Until then, as the accompanying chart shows, apartments accounted for between 20 and 25% of total residential construction.

See Big Benefit

To try and single out the industry which is going to benefit most from this coming expansion in Canadian residential building would be impossible because of the wide variety of materials that go into a house. Labor, which receives in direct wages probably 50% of the purchase price, of course, is the main beneficiary, and those construction companies specializing in house or apartment building will be next in line. But there are a great many other companies and industries which stand to gain. Equipment in the form of hardware, plumbing materials, electrical machinery, radiators, stoves and furnaces will be needed as well as raw materials such as lumber, brick, insulating board and materials, sand, gravel, roofing, glass, paint, tile, wire, pipe and literally hundreds of others.

Editor's Note.—This concludes the series on the outlook for construction. Business, industrial and engineering building were dealt with in previous issues of The Financial Post.

Construction work has been started on a new theatre in London, Ont. The building which is being financed by Toronto interests will cost $40,000.



—Chart based on MacLean Building Reports Statistics.

Manitoba Home Repairs Exempt

Manitoba expects to exempt from taxation all improvements made under the Home Improvement Plan in Manitoba. Legislation has been promised by Premier John Bracken.

The exemption will run for a period of five years and on improvements up to $2,000. This is in keeping with the co-operation solicited by the National Employment Commission when the low cost housing improvement scheme was first announced.

Fearing that increased assessments on improved properties and, therefore, higher taxes would defeat the plan, the commission is seeking guarantees against increases from all municipalities. Both Ontario and Manitoba Governments have now promised the necessary legislation.

Building Board Demand Grows

Shipments Up 50% — Roofing Production Also Gains

Domestic shipments of rigid insulating board in Canada for 1936 were approximately 50% above the previous year which in turn was considerably higher than 1934 and almost double the shipments of 1933. The biggest single item was panel board, which was up 50% last year.

Production of insulating board has been gaining steadily in Canada in recent years and particularly in the last 18 months. The reason, of course, is attributed to the wider uses of insulation generally, to the slight improvement in general building and to the very material improvement in residential building and improvements.

As the new Government-sponsored Home Improvement Plan gets into its full stride next spring it is expected there will be a very material pick-up in improvement work to existing houses. This in turn will be strongly reflected in still greater increases in the sale of such materials as insulating board.

Details of last year's shipments are as follows:

Insulating Board Shipments

	Total Sq. Ft.
Dec., 1936	2,845,000
Dec., 1935	2,511,000
12 mos., 1936	40,565,000
12 mos., 1935	27,962,000
12 mos., 1934	24,699,000
12 mos., 1933	14,711,000

Another indication of increased interest in general building and improvements is also furnished by asphalt roofing figures. Production of this material in 1936 showed a very considerable advance in all lines over the previous year.

Details of production with comparisons of the principals lines are as follows:

	Asphalt shingles squares	Smooth surfaced roofing squares	Tar & asphalt felts tons
Dec., 1936	16,588	49,363	1,110
Dec., 1935	12,769	41,906	591
Nov., 1936	19,858	77,450	1,301
Nov., 1935	20,850	72,614	1,229
Total, 1936	368,672	801,215	12,543
Total, 1935	286,311	693,844	10,820
Total, 1934	260,517	772,069	12,547
Total, 1933	221,834	742,244	7,016
Total, 1932	246,537	570,174	7,067

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Real Estate Future Better In Vancouver

Occupancy Increases and Residential Rents Move Higher

From Our Own Correspondent

VANCOUVER.—The real estate situation in Vancouver has definitely improved during the past few weeks, and while the severe weather has temporarily retarded activity the outlook is regarded as brighter than it has been in several years.

Downtown real estate remains quiet, high taxation being given as the chief deterrent to buying, but occupancy has steadily increased. In residential property, however, there has been keen demand and the general feeling is that by the time spring comes Vancouver will be witnessing a mild boom in several of the more favored districts.

Small Properties Move

There has been a particularly active market for lower priced properties, and many transactions of from $1,500 to $2,000 are being reported, with small cash down payments and the balance as rent.

Activity in North Shore real estate as a result of the First Narrows Bridge project was pretty well discounted last spring when Ottawa first gave approval to the $6 millions enterprise. A large amount of the residential property there is still in competition with tax sale lands, and the movement is slower for that reason than it would otherwise be. Most of the speculative buying as a result of the bridge programme has already been done, according to real estate men specializing in North Shore properties, and announcement of the $2.4 millions steel contracts and an immediate start of construction was not followed by the flurry that might have been expected.

Winter Building Active

Right through the winter building has been comparatively active in the West Point Grey and Kerrisdale districts, and there has been considerable small construction in South Vancouver. A few small apartment buildings are under construction.

Rentals are tending upward slowly, as a result of what has become actually a shortage of houses and apartments. Store rentals are still down substantially from peak levels of 1929 and 1930. By 1932 store rentals had slumped 50%. Since then they have regained at least 10%. Apartment rentals declined 30% during the depression. They have also witnessed a recovery of about 10%.

Dominion Bridge Plants at 50% Capacity in 1936

From Our Own Correspondent

MONTREAL.—Plants of Dominion Bridge Co. operated at only 50% of capacity during 1936 a level which is not economical, according to the statement made by W. F. Angus, president, at the annual meeting of shareholders.

Describing technical progress in the achievements of the company, Mr. Angus stated that installation of stress relieving furnaces and X-ray equipment at the Dominion, referred to in the last report, was completed and put into operation early in the year with good results. Dominion Bridge, he said, is now in a position to manufacture class one welded pressure vessels up to the largest size which can be shipped on a single railway car. The equipment has been kept busy and it is noted that enquiries and orders for class one vessels are increasing.

The financial statement for the past year was approved by shareholders and directors were re-elected.

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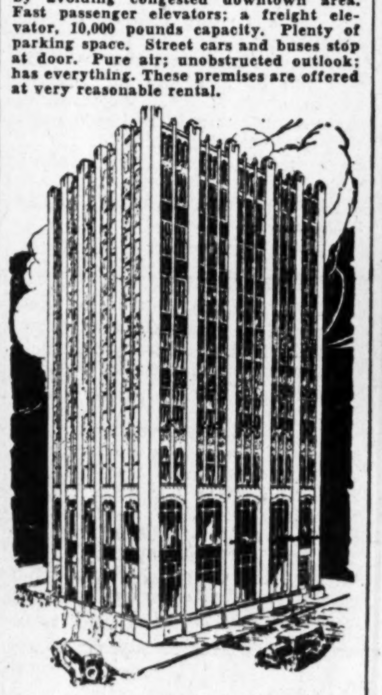

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Construction Totals Small For First Month of Year

If January construction means very much in Canada then the year is off to a poor start. Total of contracts awarded, according to MacLean Building Reports, was only slightly over $6.6 millions. While this was slightly better than for December, it was the lowest January in four years being less than half the total for the same month in 1936. Weather aside from Ontario was generally unfavorable.

The difference was due to a contract awarded for a million-dollar public building in the first month of 1936 and $6.2 millions in engineering contracts, largely Comeau Baie, compared with a mere $220,000 last month.

In residential construction, however, Jan., 1937, showed a gain of nearly $1.2 million or over 50%. This line has been forging ahead of the previous year each month for nearly a year and with the Home Improvement Plan getting into real operation in a month or two it is expected to make still further gains, though small improvement jobs are not usually included in regular construction figures.

Details with comparisons are as follows:

Construction Contracts Awarded

	January, 1937 No.	January, 1937 Value $	December, 1936 No.	December, 1936 Value $	January, 1936 No.	January, 1936 Value $
Apartments	21	520,500	12	170,800	11	154,000
Residences	741	2,311,400	601	1,746,700	362	1,068,600
Total residential	762	2,831,900	613	1,917,500	373	1,222,600
Churches	11	72,600	11	64,600	4	19,000
Public garages	80	356,300	41	127,100	21	54,800
Hospitals	3	43,100	4	48,500	3	199,400
Hotels and clubs	19	170,500	14	139,000	21	135,000
Office bldgs.	23	132,000	15	105,200	20	85,300
Public bldgs.	33	157,400	36	675,100	21	1,050,400
Schools	18	100,300	8	106,800	27	76,500
Stores	119	377,700	57	176,600	101	261,900
Theatres	5	86,500	6	201,000	1	1,500
Warehouses	33	149,400	26	221,900	23	88,200
Total business	346	1,645,800	218	1,865,800	242	1,972,000
Total industrial	62	502,100	31	446,000	40	3,068,700
Bridges	6	332,800	9	173,000	6	132,400
Dams and wharves	7	437,500	8	62,700	10	182,200
Sewers and watermains	4	31,600	6	122,500	13	645,200
Roads and streets	6	367,500	3	1,310,000	9	112,800
General engineering	28	473,000	24	220,700	32	6,274,500
Total engineering	51	1,642,400	50	1,888,900	70	7,347,100
Grand total	1,221	6,622,200	912	6,118,800	725	13,610,400

St. Catherine-Stanley May Be Recapitalized

From Our Own Correspondent

MONTREAL.—St. Catherine-Stanley Realty Corp. has circularized holders of the first mortgage 6½% bonds, pointing out that there has been "a pronounced improvement in general business conditions in the past six months," but rental rates and demand for space have not yet shown the increase hoped for. Accordingly the board is considering proposals to alter the capital structure to place bonds on a basis which will ensure regular payment "having regard to the past, present and future earnings."

It is expected excavation work will be started next month, The Canadian Engineer reports.

* * *

Toronto public buildings planned in the near future include a two-story addition to the Royal Ontario Museum, an additional story to the Banting Institute, a $100,000 building for aircraft training as an annex to the Central Technical School.

* * *

Alberta Meat Co. has made application to the City of Vancouver for a permit to erect an abattoir on the shores of the Fraser River. The cost of the building is estimated between $20,000 and $25,000.

* * *

E. Long Ltd., manufacturers of mining equipment, is planning an addition to the company's plant at Orillia, Ont., in the near future.

New Building

United Bricklaying Co. holds the contract with **Brown Theatres Ltd.** for construction of a $50,000 theatre building in east Toronto.

* * *

Mayor Hume of New Westminster, B. C., has announced plans for construction this year of a modern hotel in the city. Interested parties, he told council, already hold options on two city-owned lots.

* * *

Toronto East General Hospital is planning erection of a new wing.

* * *

Kraft-Phenix Cheese Co. is planning a $120,000 office and warehouse building on Caledonia Rd., Toronto.

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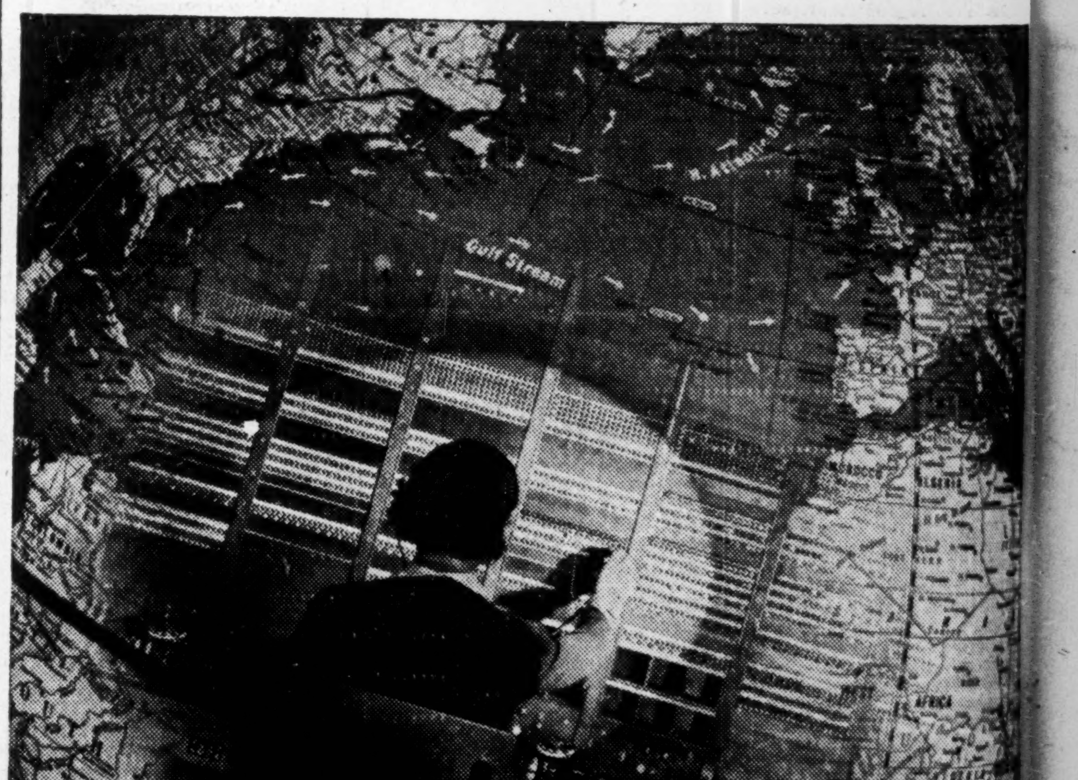

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How Rackets Boost Canada's Relief Bill

By WILFRID EGGLESTON

If employment in Canada is going up, why are not relief costs coming down?

If business is recovering as rapidly as other evidence seems to prove, why are there still over a million people on relief?

Has relief become a "racket"?

These questions are bound to occur to thoughtful observers of conditions in Canada. For three years we have been reading about the rise in export trade, the gains in mining, the improvement in manufacturing, the recovery of tourist traffic, the record output of newsprint, and all the rest of it.

Yet, with it all, one can hardly pick up a paper without learning that relief costs in this or that city are now at a new high level, with little prospect of reduction, that provincial governments are having to borrow millions for direct relief, that the Dominion outlay is the largest on record, or some such evidence.

Contradictions

There is a fundamental contradiction about these two sets of facts that challenge examination. What are the facts of the case? Is it true that relief costs have failed to decline? How many Canadians are actually on relief?

In the following article the situation as it exists today is described in detail. It is quite true that direct relief so far has defied all efforts to get it down, that the numbers on relief and the costs of relief show almost no reduction, that the cost of direct relief to the Dominion was substantially higher in 1936 than in 1935.

That relief has become a "racket," that there is "chiselling" and malingering, that relief scales have been stepped up here and there until persons are living far better on relief than they ever did when the head of the family was working, that unscrupulous employers in some parts exploit relief by paying less than a subsistence wage and allowing their workers to take partial relief, that there is "padding" of the lists by some municipalities so that provincial and federal governments have to pay for the "unemployables" who have always before been wards of the immediate community,—these things can, unfortunately, be substantiated by all authorities on relief. The extent to which these conditions are general may not be known, but that they exist here and there everybody knows.

Having outlined the situation as it exists, an attempt is made to explain why it is so. Finally, some questions are asked as to the way this anomalous situation can be cleaned up.

Relief Costs Defy Recovery

The year 1933 marked the low of the depression and is the first year for which detailed relief figures are available. Taking this as a starting point we find that business since that time has improved 38%. The index of employment compiled by the Dominion Bureau of Statistics from returns filed by more than 9,000 of the larger employers has risen from 83.4% in 1933 to 103.7% in 1936. This figure puts employment above 1926 which is taken as the normal.

How do the relief figures fit into this picture of improving conditions in Canada? In 1933 the cost of direct unemployment relief to Dominion, provincial and municipal governments was $70,917,294. In 1936 it was $80,268,176. The total number of persons on relief including those in the drought areas in Dec. 1933 was 1,230,110. In Dec. 1936 it was 1,175,733.

Drought is Factor

To present a fair picture, it is necessary to point out that the calamitous drought on the prairies last summer affected the situation materially. The trend in the first seven months of 1936 pointed toward a substantial reduction in relief costs, and in the numbers of persons on relief. The trend was quite sharply reversed in the last five months. Entirely apart from the **indirect** effects of the drought in lowering the purchasing power of the prairies, which would have otherwise stimulated business activity in other parts of Canada, the **direct** drought relief problem almost completely offset the improvement registered elsewhere in the Dominion.

If it were possible to appraise the total extent of the drought problem and deduct the figures from the total, the tendency in the rest of Canada could be discerned.

The drought, however, does not explain why the physical volume index should rise 38%, the index of employment 24%, while direct relief costs rose $10 millions and the total numbers of persons on relief only fell 64,337.

Increase in Families

The Department of Labor at Ottawa believes that the truest picture of the situtation as it changes from time to time can be obtained from the rise and fall of the numbers of **heads of families on relief,** rather than the numbers of **persons.** A man and his wife on relief might become the parents of quintuplets. Overnight the number of persons listed as on relief in that family rises from two to seven. It is true the relief problem has increased thereby, but probably is not three and a half times as great, they suggest, as the figures would indicate.

Facts Need Explaining

Official figures, given to The Financial Post and tabulated on this page, confirm the casual impressions derived from newspaper headings and other sources that in the face of substantial recovery in business and heightened employment, the numbers of persons on relief have shown very little tendency to fall, and the total cost of relief has, on the whole, risen. The burden of direct relief on the Dominion has, it should be added, risen very materially. In 1935 a sum of $22,193,968.75 was granted by the Dominion to the provinces as the Dominion's share of relief costs; in 1936 the sum was $31,091,558.17.

No single fact or even series of facts fully accounts for these contradictory trends. A survey recently made by J. K. Houston, statistician of the Unemployment Relief Branch, Department of Labor, lists 11 reasons why relief figures are not showing greater improvement. These have been obtained from provincial relief officials, and other social and welfare authorities, and not presented as the official views of the Dominion Government. It is open to anyone else to compile his own explanations. Taking into account the explanations assembled by Mr. Houston, supplemented by data from other sources, the following appear to be the leading reasons:

Per Capita Costs Up

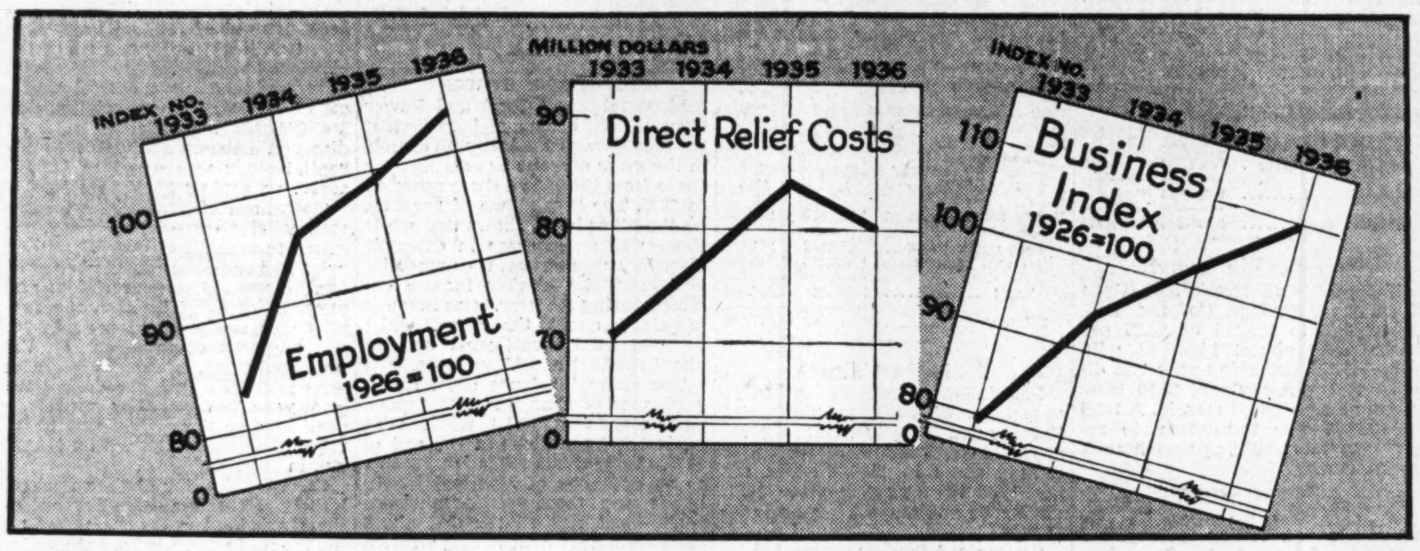
1. The per capita cost of providing relief has been almost steadily rising since 1932. This is only to a small extent explained by the rising cost-of-living index. The Department of Labor quoted the Dec. 1932 cost-of-living index at 125 (average prices in 1913 being 100). In Dec. 1936, the same index stood at 129. But the per capita cost of relief, which averaged $4.87 per person per month in 1933 was $6.05 in 1935, and $5.78 in 1936.

The major explanation for this rise in per capita cost appears to lie mainly in two facts. One is that the longer a family remains on relief, the more extensive are its needs. The first needs are food, shelter and fuel. After a while, clothes must be supplied. Then household equipment, furniture, repairs. The second explanation is that to an increasing extent it has been necessary to provide medical and dental services.

Relief Lists Shunned

2. Expanding industry has so far been drawing largely from two reservoirs of labor which have not been on the relief lists. The first of these consists of persons who have been unemployed, but who have been aided by relatives or friends, and so have remained off the registration lists. The second are the young people graduating from schools and colleges. It has been possible thus to add very substantially to employment rolls without drawing to any great extent from the heads of families or dependents on relief.

Employment in Canada Above 1926 Level But Costs Of Unemployment Outstrip Worst Depression Year



THE TAXPAYERS' BURDEN

The three charts above illustrate the position of Canada's relief bill. Since 1933 business has increased 38%. The employment index has risen from a low of 83.4 to 103.7 above the 1926 normal. Relief costs in contrast are higher than ever.

There is, unquestionably, a tendency on the part of employers of labor to prefer those who have not been on the relief lists, and especially to avoid those who have been on relief for several years. The general impression is that such persons are not so likely to prove satisfactory workers as those who have not undergone a long period of enforced idleness.

Taking Up Slack

3. So far, industry has been taking up the slack of the depression and has been able to expand production materially without a parallel increase in personnel. This is a well-known phenomenon and is exhibited in reverse in the early stages of a depression, when the decrease in the physical volume of business is much more rapid and extensive than the decrease in employment.

As a general rule employers attempt to keep their staffs intact as long as they can. There are skeleton staffs in any event which must be maintained.

It Pays to be Idle

4. The attractive scales of relief payments help to explain why relief costs stay up and heads of families are often loath to accept employment even when it is available.

Here, for example, are certain monthly allowances in Winnipeg. In the first column the relief allowances for a man, his wife, and three children are given; in the second column the allowances for a family with seven children. (Families of other sizes are dealt with proportionately.)

Food	$24.93	$39.85
Rent	16.00	20.00
Light	.65	.90
Water	.67	1.33
Hot water heater	1.50	1.50
Transportation and sundries	.15	.27
Administration	2.00	2.25
Clothing and footwear	3.20	5.76
Medical fees	1.35	2.43
Drugs and prescriptions	.40	.72
Dental treatment	.10	.18
Optical treatment	.10	.18
Administration, medical	.10	.18
Heat	12.00	16.00
Total (per month)	$63.20	$91.55

In addition all heads of families are entitled to casual earnings to the amount of $10 monthly, which does not reduce their relief budget. The head of a large family may thus with a few odd jobs receive over $100 a month. If he has several children attending school the cost of education—to which as an unemployed man he contributes nothing—may run to several hundred dollars a year additional. Such a man, without lifting a finger, may be obtaining the equivalent of $1,500 a year in relief.

The Ottawa authorities, from whom this information was obtained, pointed out that these relief scales are considerably higher than casual or semi-skilled labor could hope to obtain during the depression, and that many families must be living better and getting more medical and dental care than ever before in their lives.

The Calgary, Alberta relief scales provide, for a family of five, $41 a month for food, incidentals and clothing, maximum rent of $20 per month, gas $1.50 per month, water $2.25 per month, fuel $7 per month. In addition shoe repairs are provided and health and medical care are provided through a monthly grant to the Calgary Medical Society.

For a family of eight children Calgary provides $13.10 a week for food, incidentals and clothing, plus a maximum for the other items as above, or, say $90 per month.

Windsor, Ont., provides for cash payments ranging from $29.51 per month for a man and his wife or other dependent, up to a maximum of $86.41 per month for a family of 12.

Better Than Wages

Since the average weekly wage in some Canadian industries ranges between $14 and $18, the above scales are evidently in many cases substantially more than the head of the household could hope to secure from being steadily employed. In his own self-interest he is naturally inclined only to take casual jobs within the exemption permitted by the municipality, if any work at all; and to refrain from seeking steady employment, which would at once lower the standard of living of his family.

The high relief scales in some of the larger centres, as illustrated above, have unquestionably drawn large numbers in from outlying municipalities and from the country.

An actual incident which occurred in Winnipeg at the beginning of the winter illustrates the attraction of city relief.

A family, which had been taken from the Winnipeg relief rolls and given a start in the country under the "$1,000 scheme," arrived back in Winnipeg, having sold their two cows (supplied by the "Back to the Land Committee") to pay their fare to the city and to pay a month's rent in a city house. They applied to the office in Winnipeg to see what they should do with their horses. They complained that the farm was no good, the neighbors distasteful. They asked the committee for money for dental care and were all ready to settle down on the city for the winter in the good old fashion. They were given dental treatment as requested, but an effort was immediately made to persuade them to return either to their old farm or some other land which would be more satisfactory.

5. Before unemployment relief was a recognized institution from coast to coast, a seasonal worker attempted to lay up sufficient money during his busy season to carry him through the slack period. Nowadays it is more general for such a worker to live up to his income in busy months and as soon as his employment ceases, go on relief.

Savings Drained

6. Newcomers to the relief rolls are continuously arriving from those who were able to take care of themselves for a while after losing their jobs but who ultimately have to seek relief. In the wake of a depression such a phenomenon is inevitable.

7. It is claimed that labor-saving devices are steadily throwing men out of work, which partly offsets the absorption by industry of others formerly on the relief rolls.

8. The summary assembled by the statistician of the Dominion Unemployment Relief Office contains an explanation which has been recently expressed in much franker language in the House of Commons by Dr. C. J. Veniot (Liberal, Gloucester) and reprinted in The Financial Post of last week. The former states:

> "It is casting no reflection on the great majority of relief recipients to state that there must be in the numbers on relief a percentage who are reluctant to obtain employment. Improved employment does not affect those in this category. Hon. David Croll is reported as stating that the number of these in Ontario would be between 5% and 10% of the total number on relief."

Keep Children at Home

Instances of reluctance and even downright refusal to accept employment are available in every city. Parents sometimes refuse to let dependents accept employment if it means a cut in the relief scale.

A Saskatchewan M.P. gave the writer a case which came to his personal attention just before the session. A girl who had been placed on a farm under the Farm Improvement Scheme fell ill and another girl was sought to take her place. The daughter of a man on relief was given the post, but after three or four days her father indignantly sent for her to come home again, because he was losing part of his monthly relief allowance as a result.

9. Another reason why the relief lists are so high is that some less scrupulous municipal officers are including among the "unemployed"—and are thus obtaining substantial grants from provincial and federal authorities—men and women who do not belong there at all, but who are "unfortunates" and "unemployables," persons who have always been regarded as the responsibility of the community.

To what extent this practice has been followed the authorities here cannot be sure. But the wide discrepancy between the percentages of employables and unemployables in the census returns collected last September indicated at once that some centres were "padding" the unemployed lists in order to increase their grants.

Let Ottawa Pay

10. The "normal" state of affairs finds in a country the size of Canada a large number of persons unemployed or unemployable, and no matter how much recovery there may be in Canadian business, there will always be (a) a considerable army of unemployables, (b) seasonal unemployment, especially in the construction trades in the winter, (c) a shifting population, changing employment and occupation, and (d) the "technologically unemployed" who have been let out by labor-saving devices and either cannot learn another trade or are in a process of doing so.

The novelty about the present situation is this: that never before was this irreducible core of unemployment considered to be a federal problem, to be met by the distribution of vast sums of money apparently being produced out of nothing by the Dominion authorities. So long as local authorities had to dig down into their pockets to look after such people, and so long as seasonal workers had to save up in their busy season if they wished to eat in the slack season, there was no danger of a permanent class of state wards being created.

Is There a Remedy?

The explanations given no doubt account for much of the disparity between rising business activity and stationary or rising relief costs. Unfortunately they do not point the way to any material improvement.

The present Dominion Government does not pretend to have any sovereign remedy. A serious effort is being made to cut relief costs. This takes the form of reductions in the relief grants made monthly to the provinces. These were cut down three times last year, and would have been further reduced if it had not been for the western drought. The present scales last until April 1, and it is the intention of the Government to pare them down, month by month, as rapidly and as drastically as possible. Some ruthlessness is felt to be imperative.

This in turn brings pressure to bear on the provinces, which will have no alternative but to reduce their grants to the municipalities. The municipalities, already taxing their citizens to the limit, will be forced to exercise every possible economy in the granting of relief.

Avoid Pauperizing

The seeming callousness of this process is partly offset by the realization that the alternative is the creation of a pauperized class who will soon be physically and psychologically unable to lift a finger to help themselves, and the adding to the shoulders of a severely taxed working people a permanent new burden.

One of the members of the National Employment Commission who has made an exhaustive study of the relief problem stated recently that the only hope of getting relief costs down was to place the onus on each individual community. So long as a municipality can apparently secure 75 cents or more out of every relief dollar from an outside source, there is an inclination to keep scales high and be lenient with applicants. When each community realizes that it is supporting out of its own pockets those who cannot or will not work, the social pressure will be much more powerful, and it will be difficult to resist taking jobs when such are available.

Cost of Idle Neighbor

The municipalities, if such a solution is suggested, may object that they cannot possibly carry a larger relief load. But this authority argues that even if it means a new distribution of taxing powers, so that the municipalities pay 100% relief and enjoy perhaps the exclusive right to levy income tax, or some other impost, it would still be a step in the right direction.

So long as the money appears to be coming "from the Big Shots in the East," or like Manna from Heaven, it will be freely distributed. If every man knows how much he is putting up to keep his neighbor idle, it will be a different story. He will soon figure out some way of putting the man to work. Such is one expert's conclusion.

Municipal Racketeering ~ ~

Town Councillors Use Relief Grants to Help Municipal Finances—Election Campaigns Carried on at Expense of Provincial Taxpayer

By T. C. THOMPSON

"Racket" may be a strong word to apply to some of the more advanced methods employed by a number of Canadian municipalities to secure their full measure of relief costs from provincial authorities—with a little to spare. But provincial authorities have to be on the alert to combat some of the municipalities who have cashed in on provincial relief appropriations.

A typical case is the municipality with a tendency to increase its relief rolls immediately prior to the local election. Councillors and other elected officials become highly sympathetic to the pleas of relief recipients for a larger allowance, but the peak was reached by one municipality which spent its entire year's relief appropriation in the six weeks immediately preceding the local voting day.

Then there is the municipality which adapted some of the finer features of the Aberhart scrip scheme and combined them with a typical Chamber of Commerce plan for speeding the wheels of industry. Located in one of the more distressed areas of Canada, the municipality was paying 10% of its relief costs, the province paying the balance. By an arrangement between local municipal officials and local merchants, the former issued a voucher for $1 to a man on relief—but the merchant, under the terms of his arrangement with the council—gave only 90 cents worth of goods for the $1 voucher.

Result: The merchant made a nice profit; the municipality made up the 10% relief levy and the province paid exactly 100% of the relief costs of the municipality.

Lumber Profits

No less enterprising was the municipality which entered the lumber industry on a small scale, made a profit both on the lumber and its relief roll, and passed along the relief charges to the province. The scheme was simplicity itself—until it was discovered by provincial inspectors and promptly squelched. The municipality merely placed its relief recipients on the local woodpile, charging labor costs to relief, of which two-thirds to three-quarters were paid by the province. Then it sold the sawn wood at a nice profit, but the province failed to share in the proceeds. There was a nice balance on the right side of the ledger when the embryo lumber industry and provincial contributions came to an end simultaneously.

Another instance of mild racketeering in relief was the municipality which consistently refused to increase the relief allowances to its workless population. Then it got into financial difficulties and the province had to assume a large share of relief expenditures. The local council immediately passed a resolution endorsing the demands of the workless for larger allowances. It was a case of "Nothing is too good for you now that someone else is paying the bill," and it was a wonderful help to the councillors at the next election.

Shifting the Load

More than one Ontario municipality is reported to have taken strong exception to the legitimate claims of provincial relief officials that certain cases were obviously within the scope of the Mothers' Allowance Act and did not qualify for ordinary relief. The reason for the municipalities' stand was obvious. They had to pay 50 per cent of Mothers' Allowances but relief was a charge borne chiefly by the province. Among others, this form of dodging local welfare obligations by municipalities has been removed in Ontario by the assumption by the province of the entire cost of Mothers' Allowance charges and the administration of the act, a move made in compensation to the municipalities for the loss of local income taxation.

Rural municipalities in various parts of Canada have their own local methods of putting one over on the provincial relief administrations. In several cases, provincial officials were astounded to note that rural municipalities' relief costs were rising in summer and decreasing in winter.

It didn't make sense until relief inspectors noted the smooth new roads in the vicinity and put two and two together. Relief was being refused to the families of men resident in the municipality but who themselves worked as farmhands in nearby areas during the summer. The municipality took the view that it would not subsidize the adjacent farming communities, but that it would improve its own roads and charge the cost to relief.

Since farmhands in the area received only $15 or so per month, the would-be agriculturists could not support their families in town unless their income was augmented by relief money. The municipality said "No." The men stayed in town, and the province paid the bill. It was a nice arrangement all round, except for the farmers and the provincial treasury.

Province Pays Taxes

Relief regulations in most provinces permit payment of "shelter relief" to the small home owner, partly to enable him to keep his home and because whether he did or not the relief authorities would have to keep a roof over his head. One municipality in eastern Canada saw in this situation an unusual opportunity to collect back taxes, and it did so by the simple expedient of boosting the "shelter relief." The province bore the major part of the burden, and the tax rolls were in better shape than they had been for years.

Relief Costs in Canada Refuse to Fall in Line

The following table shows a comparison of relief costs and numbers on relief since 1933 with the business and employment indices for the same years. It will be seen that while the two latter have risen steadily reflecting the general improvement in conditions relief costs and numbers on relief have not shown the drop which might be expected.

	1933	1934	1935	1936
Physical volume of business	79.7	94.2	102.4	110.0
Employment in firms reporting to Dominion Bureau of Statistics	84.3	96.0	99.4	103.7
Total cost of relief to Dominion, Provincial and Municipal Authorities	$70,917,294	$77,811,334	$84,271,451	$80,268,176
Number of persons on relief at end of year—includes drought relief	1,230,110	1,138,066	1,176,401	1,175,733

Rail Contracts Are Confusing Detail Lacking

Various Reports on Plans for New Equipment

FIRST ORDER GIVEN

From Our Own Correspondent

MONTREAL.—Announcement or lack of announcement regarding the $30 millions to $40 millions equipment contracts which the Canadian National and Canadian Pacific Railways plan on placing, has led to confusion.

Enquiry of the two railways, as well as the equipment manufacturers, has not been successful. For some reason or other, there is a certain amount of secretiveness as to what orders have been placed and who has received the business.

At the beginning of the week the Canadian National officially announced that contracts had been let for the following equipment: 3,000 box cars, 300 refrigerator cars, 300 gondola cars, 58 flat cars and 15 snow plows.

No particulars were given as to the companies which received this business, estimated to have a value of around $12.5 millions, nor has any further comment been forthcoming.

L. A. Peto, vice-president of Canadian Car and Foundry Co., is quoted as saying that his company was allotted the following C. N. R. business: 1,000 box cars, 58 flat cars, 50 passengers cars, 10 mail and express cars, all of which has a contract value of around $6.5 millions.

Eastern Car Shares

Eastern Car Co., on the statement of Attorney-General J. H. MacQuarrie of Nova Scotia, is said to have the contract for 1,000 box cars, 300 gondola cars, 175 refrigerator cars and 15 snow plows, an aggregate contract value of $5.5 millions.

Assuming that the Canadian National has actually placed the freight equipment and snow plow business reported to have been let to Canadian Car and Eastern Car, there remains only 1,000 box cars and 125 refrigerator cars to be manufactured by National Steel Car and the Transcona shops of the Canadian National, both of which are officially stated to have received part of the current business.

Officials of National Steel Car have nothing to say regarding the C.N.R. or C.P.R. orders, while the C.N.R. is not divulging particulars of the distribution of the business placed.

At the time of going to press the C.P.R. had not announced any orders for equipment. L. A. Peto, of Canadian Car, however, is quoted as saying that his company received from the C.P.R. a contract for $6.5 millions, covering 1,900 box cars.

It is expected that the Canadian Pacific will place its equipment contracts by the end of this week.

Following the announcement of the Canadian National at the beginning of the week, common shares of Canadian Car sold off a point, while National Steel Car stock displayed easiness. The softness reflects uncertainty over what business has been placed, rather than disappointment with the size of the orders.

Social Security Plan Is Given A Bad Setback

Unemployment Insurance Unlikely to Come for Many Years

From Our Own Correspondent

OTTAWA.—The Privy Council's judgments on the "Bennett Reform" measures have clarified the constitutional position for the first time and permitted the Mackenzie King Government very quickly to formulate a policy with respect to the whole social legislation field.

This new policy was enunciated in the House of Commons this week by Hon. Ernest Lapointe and Hon. Norman Rogers.

In effect, it is this:

(a) There is no longer any doubt that the provinces enjoy complete power in the field of unemployment insurance, health insurance and state medicine, old-age pensions, relief, maximum hours of labor, minimum wages.

(b) The next move is up to the provinces. There are those—perhaps a majority—who feel that federal social legislation is desirable and that in order to obtain such an amendment to the B.N.A. Act should be attempted.

B.N.A. Act Amendment

(c) If the provinces, after consultation among themselves, or in a Dominion-Provincial conference, decide that they want to abandon the field to the Dominion and will agree to the necessary amendment to the constitution, then the Dominion Government is prepared to hear such a petition sympathetically.

(d) In any event, the Dominion Government will not undertake to administer national social legislation unless the legality of its position is established. The Financial Post is advised that "enabling legislation" by the nine provinces would not be acceptable. There must be amendment of the constitution.

The privy council last week upheld a supreme court ruling that six acts passed by the Canadian Parliament as part of the Bennett reform programme were ultra vires of the Dominion jurisdiction. The legislation included that dealing with unemployment insurance, hours of labor, minimum wages and marketing.

The prospect of such social legislation as that provided in the "Bennett Reform" measures has unquestionably been set back indefinitely by the decisions. No one in Government circles now expects unemployment insurance, for instance, to be a reality for several years, if then. It seems very doubtful whether it will be introduced in the present parliament, even if the provinces agree to a constitutional amendment.

—Photo by Lyonde.

PRESIDENT

Robert R. Kimmel, who has been named president of George S. May Limited and general manager of the Toronto office. Mr. Kimmel joined the organization in Chicago as staff engineer in 1928, became a supervisor in 1930 and was made manager of the Chicago office in 1932.

Security Offerings

Regent Knitting Mills

From Our Own Correspondent

MONTREAL.—L. G. Beaubien & Co. and Ernest Savard Ltée. are making a public offering of $525,000 for first (closed) mortgage bonds of Regent Knitting Mills. The issue is divided into two sections; $150,000 of 3% bonds maturing in one to six years, and $375,000 of 4% 15-year sinking fund bonds. The second block is being offered at 98.50 to yield over $4.8%.

Proceeds will be used by the company to redeem the existing 6½% first mortgage bonds, which will be paid off on March 1 and to reduce banking indebtedness by about $130,000.

Particulars of the issue follow:

$525,000
REGENT KNITTING MILLS LTD.
$150,000 1st (closed) mtge. 3% 1 to 6 years
$375,000 1st (closed) mtge. 4% 15-year s. f. bonds

Dated: Mar. 1, 1937.
3's to mature Mar. 1, 1938-43
4's to mature Mar. 1, 1952

Principal and interest payable in Canadian funds only; redeemable on 60 days' notice at 102 up to and including Sept. 1, 1943, and at a diminishing premium thereafter.

Company: Manufacturers of woollen, worsted and knit goods. Main plant is located at St. Jerome, P.Q.

Security: Secured by a first (closed) mortgage on all properties owned by the company and a floating charge on all other assets.

Assets: Fixed assets, after deduction of depreciation reserve and $12,000 representing book value of unused property tendered to be sold or let, had a value at Nov. 30, 1936, of $831,712. In addition net current assets totalled on the same date, $875,711, making an aggregate of $1.7 million.

Sinking Fund: The 4% bonds will carry an annual sinking fund starting on Mar. 1, 1944, at a rate equal to slightly more than 5% of the total par value of the 15-year bonds arising to about 7% in the year preceding maturity.

Earnings: Net earnings available for bond interest in 1935 totalled $35,752. For the 11 months ended Nov., 1936, on the same basis, earnings totalled $110,780. Maximum annual interest charges on the new bond issue totalled $92,500.

Offer: By L. G. Beaubien and Co. and Ernest Savard Ltée, at 98.50 and accrued interest for the 4% bonds.

Dominion-Scottish

Public offering of a part of $750,000 of 4% bonds of Dominion-Scottish Investments Ltd. is being made by Cochran, Murray & Co. at 98 and accrued interest.

Larger part of the issue was taken up by shareholders of the investment trust under terms of a capital rearrangement approved by shareholders earlier this month, providing for exchange of two $50 preferred shares for each $100 of bonds. The balance, offered through Cochran, Murray, is expected to result in net proceeds of $210,710 to be used to supply further investment capital for the trust.

Details of the issue follow:

$750,000
Dominion-Scottish Investments Ltd. First Collateral Trust, Series "A"
15-year 4% bonds due Jan. 1, 1952
Dated Jan. 1, 1937

Principal and semi-annual interest payable in Canada only, redeemable on 60 days' notice at 103 to 1942; at 102 to 1947; thereafter decreasing to 100.

Company: An investment trust carrying on business similar to investment trusts in Great Britain.

Security: Bonds are a first and specific mortgage on cash and securities owned by the company which shall be maintained in the hands of the trustee having a market value equal to 150% of bonds outstanding; also a first floating charge on all other assets.

Assets: Net assets at Nov. 14, 1936, at market value were equal to $4,437 per $1,000 bond.

Earnings: Average yearly earnings for the last seven years have been 4.13 times interest requirements. Earnings for the year ended May 31, 1936, equalled 3.94 times bond interest requirements of $30,000 per annum.

Offered by: Cochran, Murray & Co. at 98 to yield about 4.18%.

Bond Sales

Treasury Bills

The Bank of Canada has announced the sale of $30 millions of 89-day Dominion of Canada treasury bills at an average discount price of 99.815, the average yield being 0.758%. This indicates a slight stiffening in the cost of short term money, the yield on the previous issue being 0.747%.

Brantford

The city of Brantford has sold $215,000 of 3½% serial bonds to the Bank of Montreal at 100.62. The bonds sold are in two allotments, $165,000 of 10-year serials and $50,000 of 20-year serials. The average cost basis to the city is 3.375% on the 10-year serials and 3.425% on the 20-year serials. This is the highest price ever received for city of Brantford bonds. In addition to the four bids shown below, A. E. Ames & Co submitted a bid of 101 on a 15-day option. It was not considered since it was on an option basis. Bids were as follows:

	Bids
Bank of Montreal	100.62
R. A. Daly & Co.	100.273
Cochran, Murray & Co.	100.07
Harrison & Co.	98.01

Travellers

P. D. Ross, publisher of the Ottawa Journal and former president of Canadian Press Association is on a holiday trip in the West Indies.

Company Reports

Capital Trust

Fourth consecutive increase since 1932, net profits of $50,451 or $5.70 a share is reported by Capital Trust Corp., Ottawa, for 1936, compared with $45,342 or $5.13 per share for the preceding year. The dividend rate remained unchanged at $3 a share, having been reduced from $4 in 1933.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits* $	Div. Rate $	Rate Earned per sh. $
1931	1,026,836	69,253	5	8.50
1932	1,037,524	42,076	5	5.24
1933	1,049,882	43,149	4	4.91
1934	1,066,717	42,979	3	4.86
1935	1,084,235	45,342	3	5.13
1936	1,094,675	50,451	3	5.70

*After deducting management expenses and provision for taxes, but before amount written off equipment, etc.; and before reserve for accrued taxes in 1930 and 1931.

Public Liabilities and Assets

	1936 $	1935 $
Trust certifs. & int.	3,480,137	3,575,748
Trust savings	2,339,628	2,038,721
Total	5,819,765	5,614,469
Secured by assets:		
Liquid assets	2,040,562	1,877,818
Mortgages & int.	3,779,202	3,736,652
Net capital assets	1,029,052	1,026,942
Total	6,848,816	6,641,412
Estates, etc.	8,723,840	9,809,173

Brockville Trust

Net profits of Brockville (Ont.) Trust and Savings Co. for 1936, amounting to $39,535 or $3.95 per share were almost identical with those of the preceding year and dividend requirements of $2.50 were met by a substantial margin. A total of $14,564 was transferred to reserves for mortgages, agreements and real estate.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits* $	Div. Rate $	Rate† Earned per sh. $
1931	775,834	44,778	3.50	4.48
1932	735,000	42,611	3.50	4.26
1933	715,000	37,734	2.50	3.77
1934	715,000	42,703	2.50	4.27
1935	700,000	39,583	2.50	3.96
1936	700,000	39,535	2.50	3.95

*After income tax.
†On paid-up capital. Par $50.

Public Liabilities and Assets

	1936 $	1935 $
Invest. certificates	265,367	251,192
Deposits	571,272	530,020
Total	836,639	781,212
Secured by assets:		
Liquid assets	243,076	209,758
Mortgages & int.	578,523	571,454
Net capital acct. assets	708,303	708,332
Total	1,529,902	1,489,544
Estates, etc.	645,493	558,791

Security Loan and Savings

Although net profits of Security Loan and Savings Co., St. Catharines, Ont., declined from $45,841 or $8.49 per share in 1935 to $42,967 or $7.96 per share in 1936, they were sufficient to cover 1936 dividend requirements of $5.50 a share. This figure represents a 50-cent reduction in the Jan. 1, 1937, payment.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits $	Div. Rate $	Rate Earned per sh. $
1931	888,630	58,287	7	10.80
1932	874,800	*55,552	7	10.28
1933	874,800	*51,752	7	9.59
1934	874,800	*47,961	6	8.83
1935	874,800	45,841	6	8.49
1936	874,800	42,967	5½	7.96

*After deducting income tax, estimated: 1934, $7,804; 1933, $5,122; 1932, $6,263.

Creditors' Position

	1936 $	1935 $
Debentures	889,003	947,257
Deposits	369,023	348,900
Total	1,258,026	1,296,157
Secured by:		
Liquid assets	352,138	438,278
Mortgages	1,556,169	1,582,947
Other net assets	232,491	210,415
Total	2,140,798	2,231,640

Crown Trust

Net profits of Crown Trust Co., Montreal, for 1936 were $72,859 or $7.28 a share against $70,319 or $7.03 a share in the previous year. There was no change in the dividend rate of $7 a share.

The form of the 1936 balance sheet was changed by taking "clients' funds on deposit" out of the capital account and putting it with the "guaranteed account." In previous years the latter section included only those funds deposited for investment in guaranteed mortgages.

As a result of the change the capital account declined from $2.4 millions to $1.4 million, while the guaranteed account increased from $361,030 to over $1.7 million. Of the latter $1.1 represents loans on securities and the balance first mortgage loans. Estates under administration increased during the year from $25.5 millions to around $28.6 millions.

In his report to the shareholders Col. William I. Gear, president, said the company had decided to open a branch in Toronto.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits* $	Div. Rate $	Rate Earned per sh. $
1931	1,400,000	60,908	7	6.09
1932	1,400,000	71,294	7	7.13
1933	1,400,000	71,672	7	7.17
1934	1,400,000	72,515	7	7.25
1935	1,400,000	70,319	7	7.03
1936	1,400,000	72,859	7	7.28

*Taxes deducted.

Creditors' Position

	1936 $	1935 $
Funds for investment	1,729,670	361,030
Secured by:		
First mtge. loans	629,670	361,030
Net cap. acct. assets	1,446,265	1,443,406
Total	2,075,935	1,804,436
Estates, etc.	28,578,126	25,517,366

Waterloo Trust

Improving conditions affecting operations of Waterloo Trust and Savings Co., Waterloo, Ont., are reflected in net profits of $99,929 or $9.99 a share in 1936, highest net profit of the company since 1931. Dividends continued at the annual $5 rate.

Guaranteed funds, represented by deposits and guaranteed receipts showed an increase of nearly $700,000 for the year, standing at $9.5 millions against $8.8 millions at the end of 1935. These are secured by assets which stand at $10.8 millions compared with $10 millions at the close of 1935. Increasing estates business is reflected in an increase in this item to $4.8 millions. Officials of the company anticipate slightly improving conditions in 1937 with respect to mortgage interest arrears and the sundry real estate account.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits* $	Div. Rate $	Rate Earned per sh. $
1931	1,450,000	100,062	7	10.00
1932	1,400,000	‡90,666	6½	9.07
1933	1,400,000	‡88,663	5	8.86
1934	1,400,000	‡98,254	5	9.82
1935	1,400,000	‡96,513	5	9.65
1936	1,400,000	‡99,929	5	9.99

*Taxes deducted. ‡Before deducting amount written off for contingencies and depreciation.

Public Liabilities and Assets

	1936 $	1935 $
Guaranteed receipts	3,870,441	3,733,412
Trust deposits	5,649,025	5,091,224
Total	9,519,469	8,824,636
Secured by assets:		
Liquid assets	3,881,808	3,420,724
Mortgages & int.	5,657,658	5,403,911
Net cap. acct. assets	1,266,158	1,265,230
Total	10,785,624	10,089,865
Estates, etc.	4,806,992	4,774,915

Ontario Loan

Ontario Loan and Debenture Co., London, Ont., reported slightly reduced net profits of $232,266 for 1936, equal to $5.86 a share compared with $6.34 a share in the preceding year. Dividends of $5.75 compared with $6 in 1935.

Reduced earnings are due entirely to a special provision made by the directors for possible loss on 1936 earnings from mortgage investments in Calgary and Edmonton.

Earnings Record

Year	Paid-up Capital & Reserves $	Net Profits† $	Div. Paid $	Earned Per $50 sh. $
1931	5,200,000	277,841	6	6.95
1932	5,200,000	267,386	6	6.68
1933	5,200,000	252,011	6	6.30
1934	4,400,000	258,930	6	6.42
1935	4,400,000	253,804	6	6.34
1936	4,400,000	232,266	5¾	5.86

†After payment of provincial and municipal taxes, interest, expenses and charges, provision for possible losses and contingencies and income tax, but before deducting $10,000 written off office premises in 1935.

Creditors' Position

	1936 $	1935 $
Debentures	7,793,998	7,664,927
Deposits	2,832,440	2,574,034
Total	10,626,438	10,238,961
Secured by:		
Liquid assets	4,099,823	4,019,161
Mortgages	10,345,648	10,164,810
Other net assets	747,380	621,809
Total	15,192,891	14,805,780

Beauharnois

Beauharnois Power's consolidated income account for 1936 shows a total revenue of $1.7 million as against $2.9 millions in the previous year. Aside from minor sales of power locally, revenues were derived wholly from delivery of power to Montreal Light Heat and Power Cons. There has been no revenue from Ontario Hydro since repudiation of the contract late in 1935.

During the past year all of the first mortgage bonds of Beauharnois Light Heat and Power Co. were converted into income bonds and the majority exchanged for those of Montreal Power.

No new development work has been undertaken by the company since the Ontario Hydro contract was cancelled, though a certain amount of capital expenditure has been incurred on prior commitments.

Profit and Loss Account
Years Ended Dec. 31

	1936 $	1935 $
Gross revenue	1,731,861	2,874,513
Less: Expenses	218,530	*563,480
Legal fees	28,711	......
Directors' fees	5,900	5,895
Exec. salaries	34,000	......
Taxes	270,627	......
Reorgan. expenses	54,418	......
Bond interest	1,153,912	1,759,343
Depreciation	......	545,795
Deficit	34,238	159,501
Previous deficit	159,501	......
Deficit forward	193,739	159,501

*Legal fees amounted to $3,103 and executive salaries $37,462, of which $1,924 and $28,097, respectively, are included herein.

Maritime Telephone

Maritime Telegraph & Telephone Co. improved operations last year, with the result that gross revenues advanced to $1,840,468. After providing for senior charges, there was a net profit of $372,803 available for dividends. This represents an improvement of $32,000 during the year. As a result the company declared an extra dividend of 1% on the common stock, making distribution of 7% for 1936 as compared with 6% in 1935.

In the report to shareholders it is pointed out that at the end of the year the company had 39,500 stations installed, against 38,774 stations at the close of previous year.

Income and Surplus Account
Years Ended Dec. 31

	1936 $	1935 $
Gross revenue	1,840,468	1,799,573
Less: Expenses	792,097	784,271
Depreciation	272,840	268,399
Taxes	203,890	191,406
Bond interest	165,000	165,000
Other interest	23,988	26,552
Disc. on debt	9,828	23,735
Net profit	372,803	340,210
Less: Dividends	359,979	321,707
Surplus	12,873	18,503
Previous surplus	105,417	90,724
Less: Adjustments	6,413	3,810
Surplus forward	111,827	105,417

Working Capital

	1936	1935
Current assets	626,875	739,961
Current liabilities	641,396	707,753
Working capital	*14,521	32,208

*Excess.

Montreal Power

Montreal Light Heat and Power Consolidated's financial statement for 1936 shows practically no change in the gross revenue or earnings per share from the $1.75 a share reported in 1935. The breakdown of revenue, on the other hand, shows that while there was an increase in domestic electric revenue, both commercial and industrial electric income declined during the year. Gas revenue remained about the same, while revenue from investments was off about $250,000 at $2.7 millions.

The general balance sheet shows a number of changes. The funded debt stands at $37.6 millions as against $27.6 millions at the end of 1935. The increase was largely due to an exchange of Montreal Power bonds for those of Beauharnois Light Heat and Power Co., about $22.6 millions of bonds being affected by the transaction.

During the year the company purchased and cancelled around $4.4 millions of debentures.

On the other side of the ledger, bonds and stocks of subsidiary and other corporations, including advances to subsidiaries, less depreciation reserve, totalled $160.5 millions as against $149.7 millions a year ago. There is no indication as to whether or not the items in this division are taken at book value or market value.

Investment in Dominion and Provincial Government and Quebec municipal bonds declined during the year from $10.3 to $2.6 millions.

Reflecting the financing carried out last year, the unamortized bond expense has been set up on the books at $2.2 millions.

During the year the number of share and debenture holders declined from 51,108 to 46,761.

Income and Surplus Account
Years Ended Dec. 31

	1936 $	1935 $
Electric revenue:		
Domestic	3,681,178	3,477,488
Commercial	4,163,055	3,831,807
Industrial	6,238,711	6,021,706
Export	689,616	673,093
Secondary power	481,982	361,562
Municipal:		
Aqueduct	378,724	367,797
Street lighting	595,633	587,563
Wholesale	227,146	226,638
Domestic gas	3,859,608	3,950,760
Industrial gas	1,165,523	1,141,355
Other oper. revenue	518,701	496,601
Total revenue	21,999,877	21,133,970
Less: Expenses	8,818,998	8,159,767
Taxes	2,524,229	2,315,964
Depreciation	2,471,245	2,410,051
Fixed charges	3,028,503	3,372,407
Balance	5,156,932	4,878,781
Non-oper. revenue	2,712,568	2,963,541
Net income	7,869,500	7,842,322
Less: Dividends	6,733,771	6,733,772
Pension fund	20,000	20,000
Deprec. extra	750,000	750,000
Balance	365,729	338,550

Working Capital

	1936 $	1935 $
Current assets	6,677,866	13,435,785
Current liabilities	7,101,205	6,866,784
Working capital	*423,339	6,569,001

*Deficit.

Catelli Food

Catelli Food Products financial statement for the year ended Nov. 30 last shows a gross income of $156,724. This compares with $132,125 in the previous 12 months. An advance in price of raw materials contributed to the increased profits, while the larger volume of business tended to reduce overhead charges. Net profits available for dividends amounted to $66,656, an increase of about $14,400. During the year the company paid regular dividends on the prefered stock and 25 cents a share on the common stock.

The balance sheet reflects changes in the recapitalization of the company, whereby the par value of the preference stock was reduced from $30 to $15 a share, while the outstanding common shares were increased in number from 30,000 to 46,000. The principal change in the balance sheet is an increase in inventory values from $221,813 to $272,284.

Income and Surplus Account
Years Ended Nov. 30

	1936 $	1935 $
Gross income	156,724	132,125
Less: Depreciation	41,418	40,605
Exec. salaries	26,237	24,044
Directors' fees	1,400	......
Legal fees	202	91
Non-oper. expenses.	4,664	4,718
Income tax	16,147	10,464
Net profit	65,656	52,203
Less: Pfd. dividends	30,000	......
Com. dividends	11,500	......
Invent. reserve	1,050	2,412
Surplus	24,106	49,791
Previous surplus	55,555	2,841
Add: Adjustments	479	2,923
Surplus forward	80,140	55,555

Working Capital

	1936 $	1935 $
Current assets	554,110	567,796
Current liabilities	102,801	73,008
Working capital	451,309	494,788

General Steel Wares

General Steel Wares financial statement for 1936 reflects a continuance of the upward trend in earnings noted in the 1934 and 1935 reports. Gross income totalled just over $1 million, compared with $925,995 in 1935. After taking care of senior charges, including depreciation and bond interest, there was a balance of $240,471 equal to $5.34 a share on the outstanding preferred. This compared with $3.59 a share in the preceding year.

The balance sheet shows inventories carried at $3.2 millions, or practically the same as in 1935 despite a rise in value. Bank loans have been reduced from $136,945 to $46,626. Subsidiary bonds have declined from $180,000 to $155,000, while the company's own bonded debt has been reduced from $6,878,000 to $6,577,000.

In connection with the bonded debt shareholders have been notified that a meeting will be held on Feb. 17 to pass on a by-law approved by the directors authorizing the issue of new bonds in connection with the refunding of the present issue at a lower interest rate.

Income and Surplus Account
Years Ended Dec. 31

	1936 $	1935 $
Gross income	1,004,736	925,998
Less: Exec. salaries	55,175	49,750
Directors' fees	3,150	2,550
Legal fees	2,454	3,785
Depreciation	250,000	250,000
Bond interest	418,486	432,287
Income tax	35,000	26,000
Net profit	240,471	161,624
Previous deficit	870,822	1,048,761
Add: Adjustment	4,124	16,315
Deficit forward	634,475	870,822

Working Capital

	1936 $	1935 $
Current assets	4,244,137	4,146,163
Current liabilities	877,483	863,587
Working capital	3,366,654	3,279,576

Shawinigan

Shawinigan Water and Power Co.'s financial statement for 1936 shows a gross revenue of $13.9 millions, compared with $13 millions during the previous year. After all senior charges, including a special write-off of $500,000 for depreciation and $142,035 for amortization of bond discount, balance applicable to the capital stock was equal to $1.03 a share, as against $1.17 in 1935.

Operations of Shawinigan Chemicals, wholly owned subsidiary, resulted in a profit of over $1 million prior to bond interest. After transferring $536,256 to depreciation and payment of bond interest, the surplus was sufficient to provide for full payment of dividends on the preferred stock.

As regards operations during the past year the company reports a peak load on the system and 1,153,753 h.p. as compared with 1,111,394 h.p. in 1935.

Changes in the balance sheet largely reflect the refunding operation carried out by the company during the past year, whereby the series C and series E bonds were replaced with a new issue of series F bonds. The latter are payable as to principal and interest in Canadian funds only and, aside from the elimination of the premium liability, there was a saving in interest charges.

Income and Surplus Account
Years Ended Dec. 31

	1936 $	1935 $
Oper. revenue	12,569,996	11,701,065
Miscel. revenue	1,334,352	1,367,735
Total	13,954,353	13,037,800
Less: Oper. expense	932,108	903,785
Power purchased	1,788,625	1,580,698
Maintenance	724,537	655,416
Taxes and insur.	834,255	744,143
General exp.	1,333,241	1,118,943
Water rentals	417,361	394,094
Net earnings	7,889,231	7,660,723
Less: Fixed charges	3,901,239	4,018,757
Depreciation	1,000,000	1,000,000
Special deprec.	500,000	......
Exchange reserve	100,000	100,000
Bond discount	142,035	......
Net profit	2,245,857	2,541,953
Less: Dividends	1,415,862	1,132,690
Surplus for year	829,995	1,409,276
Add: Prev. surp.	*704,719	2,312,531
Less: Pr. yr. inc. tax	......	180,504
Amort. bond disct.	......	2,267,414
Exchange fund	......	300,000
Surplus forward	1,534,714	973,889

*After deducting $239,170 paid for 1935 income tax.

Working Capital

	1936 $	1935 $
Current assets	6,700,984	4,883,204
Current liabilities	1,879,287	1,888,881
Working capital	4,821,697	2,994,323

Twin City Transit

Earnings of Twin City Rapid Transit Co., Minneapolis and St. Paul, recorded marked improvement in 1936, profits being equivalent to $1.90 a share on the common stock, compared with $1.19 a share in 1935. Earnings on the preferred were equal to $21.64 a share, compared with $15.74 a share in 1935.

Working capital is also sharply higher, amounting to $1,587,534, compared with $512,944 in 1935.

Income Account
Years Ended Dec. 31

	1936 $	1935 $
Oper. revenue	9,262,349	8,633,907
Less: Oper. exps.	7,464,067	6,970,857
Net oper. rev.	1,798,282	1,636,050
Add: Non-oper. inc.	51,592	78,100
Gross income	1,849,874	1,744,150
Less: Interest, etc.	1,200,387	1,272,074
Net profit	649,487	472,076

Working Capital

	1936 $	1935 $
Current assets	2,896,024	1,615,472
Current liabilities	1,308,490	1,102,523
Working capital	1,587,534	512,944

Detroit & Canada

Detroit & Canada Tunnel Co. in the 10 months of 1936 to Oct. 31, when the company was reorganized, had a net loss, before providing for interest on funded debt, of $244,514. This compares with a net deficit of $385,144 for the entire 12 months of 1935.

Toll revenue for the period was $2,500 higher than for the 12 months of 1935.

George R. Cooke, trustee, reports, that the volume of cross-river traffic increased during 1936, reflecting improved business conditions in Detroit and Windsor. Vehicle crossings at Detroit during 1936 were 16% higher than in 1935, and pedestrian crossings 7% greater.

The balance sheet as at Oct. 31 shows current assets of $1,037,261. If accrued bond interest is excluded then current liabilities total $559,108.

Consol. Income Account
10 Months Ended Oct. 31, 1936

	$
Operating revenue:	
Tolls	404,045
Bus passengers	173,337
	577,382
Add: Non-operating revenue	22,426
Gross earnings	599,808
Less: Operating expenses	173,578
Maintenance	53,709
Depreciation	199,616
Taxes	137,321
	32,583
Less: Adjust. of unredeemed tickets	372
Amort. debt discount	88,024
Amort. land & franchises	187,601
Net loss*	244,514
Add: Previous deficit	4,002,050
Accr. bond & other interest	3,191,870
Less: Adjustments	22,722
Total deficit	7,415,711

*Before providing for interest on funded debt.

Cockshutt Plow

Cockshutt Plow Co. and the subsidiary Frost & Wood Co. report net profit equivalent to seven cents a share for the year ended Nov. 30, 1936, contrasting with a loss of 73 cents a share in the preceding year. The profit is the first recorded since 1930.

Hon. Henry Cockshutt, president, states in the annual report that the search for new business continues exceedingly difficult but that sales have shown a moderate gain. He is hopeful that improved demand will be increased. "The recent increase in grain prices," he comments, "has created a much greater feeling of confidence and further improvement in agriculture is now largely a matter of production. With favorable conditions in western Canada next season our business should show a further improvement."

The balance sheet shows an improvement in working capital and consolidation of merchandise and contingent reserve.

Income and Surplus Account
Years Ended Nov. 30

	1936 $	1935 $
Operating profit	355,111	133,479
Less: Exec. remun.	31,822	31,501
Directors' fees	1,600	1,600
Legal fees	1,033	2,865
Add: Invest. income	28,025	18,684
Net oper. profit	348,682	119,193
Less: Depreciation	187,595	188,455
Int. on bank loans	118,361	104,633
Uncoll. accts. w/o	16,967	46,713
Income taxes	4,273	......
Net profit	21,487	218,627
Add: Prev. surplus	57,934	176,561
Tr. from contin. res.	......	100,000
Surplus forward	79,420	57,934

Working Capital

	1936	1935
Current assets	5,424,344	5,283,103
Current liabilities	1,891,051	1,887,255
Working capital	3,543,293	3,398,838

Wisconsin Central

Wisconsin Central Railways, controlled by the Soo line which in turn is a subsidiary of the Canadian Pacific Railway, reports an improvement in revenues for 1933 as compared with 1935. During the past year there was a gain of about 20% in operating revenues. An increase in taxes and non-operating expenses tended to cut down this gain, but the net deficit of $984,122 was around $65,000 better than in 1935.

Condensed Income Statement
Years Ended Dec. 31

	1936 $	1935 $
Oper. revenue	12,442,111	10,370,145
Less: Oper. exps.	8,725,897	7,952,354
Net rlwy. revenue	3,716,214	2,317,791
Less: Taxes	843,467	418,341
Rlwy. oper. revenue	2,837,747	1,999,450
Less: Non-oper. exp.	918,734	412,522
Gross income	1,949,013	1,586,923
Less: Hire of equip.	733,238	853,858
Rent of terminals	524,501	482,071
Int. on funded debt	1,375,393	1,889,667
Net deficit	984,122	1,648,658

Building Products

Building Products reports a net profit of $271,119 for 1936. This compares with $136,847 in the previous year. Earnings for the year were equal to $2.24 a share on both A and B stock, as against $1.13 in the previous year.

Balance sheet figures as at Dec. 31 last, in comparison with those reported at the end of 1935, show an increase in property account of about $100,000. Inventories and Government bond holdings are up slightly, while cash on hand declined from $119,350 to $22,208. There were no major changes among the liabilities.

Income and Surplus Account
Years Ended Dec. 31

	1936 $	1935 $
Gross revenue	449,404	276,148
Less: Depreciation	43,469	44,464
Income taxes	46,624	24,617
Other deductions	88,192	70,218
Net profit	271,119	136,847
Less: Dividends	235,649	151,067
Surplus	35,470	*14,210
Previous surplus	‡761,281	778,497
Surplus forward	797,251	764,287

‡Adjusted. *Deficit.

Working Capital

	1936 $	1935 $
Current assets	2,048,270	2,019,128
Current liabilities	203,370	80,797
Working capital	1,844,900	1,938,229

Soo Line

Minneapolis, St. Paul and Sault Ste. Marie Railway Co., American-controlled subsidiary of the Canadian Pacific Railway Co., reports a net deficit of $5.5 millions in 1936. This contrasts with $5.2 millions in the previous year. There was a sharp advance in taxes, interest on funded debt and hire of equipment, which offset a falling off in non-operating expenses.

Condensed Income Statement
Years Ended Dec. 31

	1936 $	1935 $
Oper. revenue	14,109,841	13,358,635
Less: Oper. exps.	12,119,152	11,487,445
Net oper. revenue	1,990,689	1,871,190
Less: Taxes	1,130,001	844,101
Rlwy. oper. revenue	860,688	1,027,090
Less: Non-oper. exps.	359,833	651,635
Gross income	500,855	375,406
Less: Hire of equip.	273,791	4,384
Rental of terminals	190,973	196,814
Int. on funded debt	5,597,943	5,398,044
Net deficit	5,561,852	5,224,347

Regent Knitting

Regent Knitting Mills operating profit for the first 11 months of 1936 amounted to $210,780, compared with $173,462 for the 12 months in 1935. After providing $100,000 for depreciation there was a balance available for bond interest of $110,780. This contrasts with $35,752 and $63,561 for all of 1935 and 1934, respectively.

As a result of the new financing, whereby the company issued $525,000 of new bonds to replace the old issue amounting to $352,600, the following changes are noted in the balance sheet as compared with the returns for the end of 1935. Current bank loan at the end of last November totalled $150,000. It is understood that since then this loan has been reduced substantially. Inventories increased during the 11 months period from $388,242 to $532,520, while accounts receivable, less reserves, at $384,7?8 compare with $221,800 at the beginning of the year.

Ontario Centres Cut Hydro Rates

Toronto and Other Cities Pass on Surplus to Consumers

New and lower rate schedules for hydro made their appearance for the first time on bills for December consumption issued last month in Toronto, Hamilton, Ottawa and other larger Ontario municipalities.

The new rates are the result of the Ontario Hydro Commission surplus distributed some months ago in the form of rebates to the municipalities on condition that benefits would be passed on to the consumer.

In many of the smaller municipalities the rate reductions came into effect last November. In the case of larger cities and some of the towns, however, the more complicated set-up delayed application of the new rates until December.

In Toronto, as announced earlier, the reductions have been restricted entirely to the commercial customers. In revising the schedule for this class an attempt has been made to benefit the smaller consumer who, it was felt, had been paying proportionately too high a rate for his power. In the higher brackets, rates have been increased slightly though not sufficiently to offset reductions in the primary rates.

The following table shows the new and old rates in Toronto:

Commercial lighting:	Old rate per kw.h.	New rate per kw.h.
For first 90 hrs., monthly use of billing demand (old basis 70 hrs.)	4c.	3c.
For next 90 hrs. monthly use (old basis 70 hrs.)	2c.	1½c.
For addit'nal consump.	1c.	½c.
Power service: (Alt. current, 25 cycle, 550 volts or 208 volts)		
First 7½ kw.'s of bill demand	$1.67	$1.25
Additional power	$0.34	$0.90
Energy charge for first 50 hrs. monthly use.	1½c.	2c.
Energy charge for next 50 hrs.	½c.	1c.
Additional consump.	.33c	½c.

Discounts and meter rentals are unchanged.

Saskatchewan Gold

Regina, Sask. — A remarkable increase is noted in the production of gold in Saskatchewan last year over the previous year, both volume and value being more than three times as great. The output in 1936 amounted to 47,800 fine ounces, worth $1,674,434, as compared with 14,323 fine ounces at $504,026 in 1935.

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THE VICTORIA TRUST AND SAVINGS COMPANY

Forty-First Annual Meeting

The Directors of the Company have pleasure in submitting herewith the Forty-first Annual Report for the year ending December 31st, 1936, duly audited.

BALANCE SHEET, DECEMBER 31st, 1936

ASSETS

CAPITAL ACCOUNT		
Office Premises and Land, Lindsay & Cannington		$ 26,495.30
Other Real Estate—		
Farm Property		75,538.26
City Properties		152,628.54
Advances to Estates and Agencies Under Administration		13,788.21
Accrued Fees and Charges for Administering Estates		700.00
Mortgages and Agreements For Sale—		
Principal	$1,157,248.41	
Interest Due and Accrued	85,636.64	1,242,885.05
Bonds and Debentures—		
Government, Ontario Municipal, School District and Rural Telephone Bonds	$ 66,522.58	
Foreign Government and other Bonds	75,249.15	141,771.73
Stocks		6,245.50
Loans on Company's Stock		21,426.21
Loans on Other Securities		54,324.44
Cash on Hand and in Bank		7,993.35
Total Capital Assets		$1,743,826.59
GUARANTEED TRUST ACCOUNT		
Mortgages—		
Principal	$5,273,804.63	
Interest Due and Accrued	292,532.66	5,568,337.29
Bonds and Debentures—		
Government and Government Guaranteed Bonds	$ 419,977.60	
Canadian Municipal, Rural Telephone and School District Bonds	216,874.79	
Canadian Corporation Bonds	112,734.10	
Foreign Government Bonds	16,523.46	766,109.95
Stocks		32,630.00
Loans on other Securities		14,727.42
Cash on Hand and in Banks		184,071.23
Total Guaranteed Trust Assets		$3,565,875.89
ESTATES DEPARTMENT		
Investments, etc. held in Trust for Estates and Agencies		957,340.26
		$9,237,042.74

LIABILITIES

CAPITAL ACCOUNT	
Capital Stock subscribed and fully paid	$ 810,000.00
Reserve Fund	500,000.00
Investment Reserve	385,000.00
Reserve for Federal Income Taxes payable 1937	7,000.00
Dividend declared and payable January 2nd, 1937	12,150.00
Balance due to Mortgagors	13,977.75
Balance at Credit of Profit and Loss Acct.	15,698.84
Total Capital Liabilities	$1,743,826.59
GUARANTEED TRUST ACCOUNT	
Guaranteed Investment Receipts	$5,048,077.12
Trust Deposits	1,517,798.77
Total Guaranteed Trust Liabilities	$5,565,875.89
ESTATES DEPARTMENT	
Estates Trusts and Agency Account	$ 943,552.05
Due to Company Funds	13,788.21
	$9,257,042.74

DIRECTORS

W. FLAVELLE, President
H. J. LYTLE, Esq., T. H. STINSON, K.C., Vice-Presidents.
J. B. BEGG, Esq. WESLEY WALDEN, Esq. C. E. WEEKS, Esq.
W. E. REESOR, Esq. H. J. McLAUGHLIN, K.C.
Manager—C. E. WEEKS
Assistant Manager—NEWTON SMALE
G. A. WEEKS, Estates Manager
G. H. SHIPMAN, Manager, Cannington

Sun Shares Above Level Of $1,000

Rapid Appreciation May Forecast Resumption of Share Dividends

1936 GOOD YEAR

Sun Life of Canada shares have topped the $1,000 mark in recent weeks for the first time in many years. In early October the price was around $450 bid. Toward the year-end, quotations moved up through the $600 and $700 mark with a sharp spurt more recently.

Chief reason behind the movement seems to be the possibility that the company will shortly resume shareholder dividends on its stock. Officials are reticent pending the annual meeting next week but it is known the company has had a very good year and that, in addition to showing an increase in business in force and a higher volume of new business written, there will be a marked improvement in its financial position.

To Use Book Values

Major factor affecting the company's position for 1937 both from the viewpoint of shareholders and policyholders is the valuation of assets. For many years "average" or "authorized" values have been used rather than the traditional yardstick of "market" values in making up year-end statements. For 1937 it is understood the company will, for the first time, issue its report on the basis of book or ledger values and that there will be a "cushion" between these values and actual market quotations at the year-end.

Incidentally this publication of book values would be an important departure for Sun Life since prior to the depression the company followed the practice of quoting its security values at or near actual market valuation.

Clear Way for Dividends

Restoration of the company's balance sheet to a book or market value basis would remove the chief, if not the only barrier to resumption of dividends to shareholders and would also pave the way toward higher dividends for policyholders. It will be remembered that G. D. Finlayson, federal superintendent of insurance, requested Canadian life insurance companies some years ago not to make any dividend payments to shareholders and not to increase policy holder dividends until such time as they were again using market rather than "authorized" values. With a 1937 report well within this stipulation, the way would therefore be clear for either or both these things to happen.

Funds Available

As far as shareholders dividends are concerned there would seem to be ample funds available to make an initial payment on the former basis ($25 a share). Such a distribution would mean in 1937 a payment of $500,000 and the company's last published statement showed a balance to the credit of shareholders account of nearly $1.3 million.

It is probable, however, that the company would deem it unwise to make this distribution without first increasing policyholder dividends which have been drastically reduced during the past few years. Whether either or both of these moves will be announced at the annual meeting next week remains to be seen.

Last published balance sheet of Sun Life showed total assets of $707 millions—the largest figure in the company's history. The 1936 total will probably be greatly in excess of that figure.

Back Medicine With Insurance

Backing up claims for a proprietary medicine with an insurance policy is something unheard of in Canada. Recently, however, it was introduced in England by the enthusiastic sponsors of an influenza treatment.

According to Drug Merchandising, backers of the treatment are so convinced of its effectiveness that they provide an insurance policy covering doctor bills up to £5 5s if a purchaser contracts the disease within three months after starting the treatment. The risks are underwritten by a member of Lloyd's.

The Independent Order of Foresters

Monthly Income During Disability

Certificate Plan B: Issued by the Society affords outstanding protection. It provides an Old Age Benefit, payable in one sum, for the full amount of the Certificate, on the 60th birthday, or, payment in the event of death.

In addition, the Certificate provides a generous Disability Benefit of Ten Dollars a month, for each $1,000 of Protection carried. Payments of such benefit are not a charge against the Certificate when it becomes a claim, either as a result of death or old age.

The Certificate contains the usual automatic non-forfeiture privileges. Double Indemnity may be secured for the payment of a nominal sum.

FRANK E. HAND, *Supreme Chief Ranger.* HEAD OFFICE, TEMPLE BUILDING, TORONTO, CAN.

Selected Risks mean BIGGER DIVIDENDS for our POLICYHOLDERS

BRANCHES ACROSS CANADA
Vancouver
Kelowna
Victoria
Edmonton
Calgary
Saskatoon
Winnipeg
Toronto
Hamilton
Ottawa
Montreal
Quebec City
St. John
Halifax

BY selecting only the highest type of risks this company is able to effect substantial savings for its policyholders, which are returned to them in the form of dividends. In 1935 $1,098,428 were distributed in this way.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
Non-Assessable Policies. Assets $6,000,000.

EMPIRE LIFE INSURANCE COMPANY KINGSTON, ONTARIO

THE SYMBOL OF SECURITY

ON A SOLID FOUNDATION

FACTS SPEAK FOR THEMSELVES

Solid Security and Sound Growth mark another year of progress. Read these facts from the 1936 Report.

Insurance totalling $4,304,547.00 was issued and revived during the year. Total paid for business in force exceeds $34,500,000.00.

Cash benefits distributed during 1936 to the Company's policyholders and other beneficiaries were the largest in the Company's history.

Assets securing the policyholders' contracts now total $8,632,361.53 comprising a well-diversified portfolio of conservative high-grade investments.

After making full provision for all the Company's liabilities and establishing a special increased dividend reserve, there remains more than $558,000.00 net surplus funds available for the additional protection of the Company's policyholders.

CHARLES P. FELL, President L. T. BOYD, General Manager

EMPIRE LIFE INSURANCE COMPANY KINGSTON ONTARIO

A copy of the Company's annual report will be mailed upon request.

FRASER D. REID ROBERT FENNELL HON. H. A. BRUCE

Announcement of a new board of directors was made at the annual meeting of National Life Assurance Co. this week. The appointments follow the recent purchase of a controlling interest in the company by H. R. Bain and Robert Fennell, K.C. Mr. Bain is president of the company and Mr. Fennell, vice-president.

Included in the new board are His Honor Col. the Hon. Herbert A. Bruce, M.D., Lt.-Governor of Ontario; Fraser D. Reid, director, Coniagas Mines, Ltd.; Hon. David O. L'Esperance, Montreal; His Honor the Hon. Eric Werge Hamber, Lt.-Governor of British Columbia; Denton Massey, M.P., Toronto; and Allan A. Aitken, Montreal.

A. H. Beaton, K.C., former president and managing director, is continuing as a member of the board.

Insurance Reports

Equitable Life

First published statement of Equitable Life Insurance Co. of Canada shows total assets above the $10 millions mark in 1936 and total business in force at the end of the year $40.9 millions. The 1936 statement incorporates for the first time the important changes effected last year whereby the name was changed from Ontario Equitable Life & Accident Insurance Co. to the present title. Important changes were also made in respect of the company's capital set-up and in the extension of the company's activities into the participating as well as the non-par field.

Major change in the company's balance sheet is the increase in net surplus from $77,500 to $409,222. This was achieved largely by writing down the old capitalization and changing the par value of the company's shares from $100 to $25. This change brought $327,800 additional surplus into the accounts, added to which is about $4,000 brought forward from the year's operations.

New business issued at $3,477,000 is slightly lower than in 1935, but net premium income shows a gain despite a falling off in receipts from annuity considerations.

Analysis of assets shows mortgages and sale agreements totalled 41% of the total with bonds and debentures 33.4%. Interest earned on invested assets was 4.8% compared with 4.87% in 1935.

In his report to shareholders, J. L. Ralston, president of the company stated that mortgage loan investments had been increased due in part to loans made under the new federal housing plan. He also reported the company's bond portfolio to have shown general improvement in market value except for Alberta provincial and municipal debentures.

The company added $10,000 to investment reserve during the year, bringing the total to $190,000. Securities are shown in the balance sheet at below aggregate market values. Reserves against mortgage and real estate held for sale, were increased from 10% to 15% of book value.

Comparative figures of leading items follows:

	1936 $	1935 $
New bus. issued	3,477,537	3,683,837
Bus. in force	40,982,811	40,985,744
Net prem. income	1,120,181	1,100,549
Interest, rents, etc.	510,146	480,690
Death payments	213,076	225,689
Other policy p'ments	442,021	397,253
Mortgages	4,165,188	3,805,025
Bonds	3,446,036	3,086,525
Policy loans	1,658,978	1,745,621
Total assets	10,302,438	9,726,741
Policy reserves	9,140,087	8,598,140
Inv. reserve	190,000	180,000
Free surplus	409,222	77,520

Excelsior Life

A gain of 14% in new business issued during 1936 and an increase of 6.4% in insurance in force is reported by Excelsior Life Insurance Co. in its 47th annual report. New business issued and revived during the year totalled $19.2 millions. Business in force at the end of the year was $98.2 millions. This latter figure is on the new uniform basis of the federal insurance department, namely the inclusion of business on which the company is actually on the risk (that is, fully settled for).

The company reports that its special investment-protection Personal Protection policy accounted for 30% of the total sales during the year. Quotas for 1937 call for an increase of 9% in new paid-for business and an increase of 6.9% in paid-up business.

Analysis of assets shows the 1936 figure to have crossed the $20 millions mark—an increase of $522,000 over 1935. Of the total, 54.6% is invested in federal or provincial bonds. First mortgages amount to 18.4% but western mortgage loans and real estate on the basis of book values amount to only 3.87% of invested assets. Interest earnings are reported at 5.11% compared with 5.0% in 1935.

Out of surplus earnings the company appropriated $107,200 to write-down mortgage loans and real estate (including head office) and for other adjustments in security book values. Reserve for depreciation of investments and other contingencies is slightly higher at $701,000, while free surplus is lower at $1.2 million.

Summary figures on a comparative basis follow:

Excelsior Life

New Business	1936 $	1935 $
New business issued*	19,191,690	17,113,628
Bus. in force	99,536,137	92,313,319
Income and Disbursements		
Net prem. income	2,783,582	2,682,949
Total income	3,792,511	3,606,458
Death claims	540,640	516,402
Total policy paym'ts	2,137,241	2,114,522
Interest earned	5.11%	5.00%
Assets and Liabilities		
Total assets	20,769,061	20,167,181
Bonds and debs.	10,928,376	10,350,792
Policy loans	3,536,819	3,744,480
Mortgages	3,691,594	3,813,335
Policy reserves	17,504,818	16,811,412
Inv. reserve	701,297	700,000
Free surplus	1,236,066	1,388,568

*Including revivals.

National Life

Restoration of its balance sheet to a better-than-market-value basis with a small surplus over all liabilities on this much stricter formula, featured the annual statement of National Life Assurance Co. at Toronto this week. The meeting was the first to be held with the company's new president, H. R. Bain, in the chair and was marked by the appointment of a new board of directors. These appointments follow the recent change in control announced in The Financial Post (Jan. 2) whereby a controlling interest in the company was purchased by H. R. Bain and Robert Fennell.

Total business in force at the end of the year was $56.3 millions. This is shown on the new uniform federal accounting basis. On a strictly comparable basis this is an increase of $1.1 million over 1935. Similarly, new business issued and revived totalled just over $8 millions. On a strictly comparable basis this is said to be slightly in excess of 1935 totals although the corresponding figure actually shown for that year was $575,000 higher.

The company continues its practice of showing investments at book values against which a comparable reserve is set up among liabilities. This now amounts to $870,000 or more than 10% of its total investment in government and municipal securities. Mr. Bain reported that despite fresh defaults in Alberta during the year, "with the resulting depression of the market value of all western securities, the market value of the company's holdings has increased to a point where the reserve is more than sufficient to take care of depreciation in market as compared to book value of its securities.

The average rate of interest earned was 4.19% compared with 4.63% in 1935.

Total expenses were cut 10% during the year, said Mr. Bain. He also stated that further substantial economies had already been effected and expressed the hope that further improvement would be reported in this regard in 1937. He confirmed the fact that shareholders' dividends had been suspended and that in respect of 1936 operations there had been no transfer to shareholders' account of the surplus funds to which it was entitled from participating policyholders account.

Mr. Bain drew attention to the company's increased holdings of common shares which he reported at the end of the year were about 5% of total assets, and to the fact that certain investments had been made in mining shares eligible for investment under the federal insurance act.

Comparative figures in summary form follow:

National Life

	1936 $	1935 $
New ins. issued and revived	‡8,040,542	8,575,271
Bus. in force	‡56,324,406	55,447,977
Income and Disbursements		
Net prem. income	1,597,270	1,525,262
Interest, rents, etc.	438,144	530,512
Policy payments	1,150,125	1,265,017
Assets and Liabilities		
Total assets	12,035,660	11,775,820
Bonds†	8,182,449	8,160,143
Policy loans	1,937,725	2,047,942
Policy reserves	10,279,384	9,922,096
Invest. res.	870,000	845,000
Free surplus	20,747	*87,987

*Including shareholders surplus.

†At book values; less investment reserve shown below.

‡On new government basis.

United States Fidelity & Guaranty Company TORONTO

Montreal Life Reports Gains

Insurance in force at the end of 1936 amounted to $40.7 millions, a gain of about $2 millions for the year, according to preliminary figures of Montreal Life Insurance Co.

The company also reports 1936 the best year in its history for placed and paid-for business. There was also a smaller amount of business "not taken" and more applications taken with cash deposits.

In common with other companies, Montreal Life reported higher mortality than in 1935.

American Fire Losses Increase 13% in 1936

Fire losses in the United States in 1936 amounted to $293,357,245, according to figures submitted by the National Board of Fire Underwriters. This total compares with $259,159,945 in 1935, representing an increase of slightly more than 13%.

In commenting upon these figures, The Eastern Underwriter states: "Results for last year indicate clearly that the loss trend is definitely upward, and most fire insurance leaders are definitely of the opinion that losses in 1937 will be higher still, due in large measure to the striking increase in insurable values following the general gain in business conditions."

Insurance Act Amendment Effective in Nova Scotia

Nova Scotia will be the only province affected by the amendment to the Canadian and British Insurance Companies Act, 1932, which was passed last week in the Ottawa House.

The amendment authorizes a deposit less than the $50,000 usually required by the Dominion insurance department in the case of provincially licensed insurance companies which are required by provincial law to take out a Dominion license. Reserve on business in force, however, is prescribed as a minimum deposit.

In practice, the amendment will apply only to small farmers' mutual companies.

Insurance Inklings

JOHN E. ROBINSON, of Metropolitan Life has been elected president of the Thunder Bay Life Underwriters Association for 1937.

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HAMILTON GUTHRIE has been appointed district supervisor of the ordinary life branch of London Life at London. His territory includes Middlesex, Elgin and Lambton counties.

• • •

T. H. CARLISLE, London, England, achieved the honor of being president of the Producer's Section, Macdonald Club, Confederation Life for 1937. He was runner up last year. Other leaders are R. J. MORRISON, Port of Spain, Trinidad, J. GRAY, Manchester, J. J. PARROTT, London.

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W. R. RICE has been appointed branch manager at San Francisco for Manufacturers Life, succeeding ALEXANDER HIGH, JR., who returns to personal production.

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G. E. HOWE has been appointed Ontario superintendent of agencies for the Great American group of insurance companies. Mr. Howe has been associated with the Canadian head office of the Norwich Union Fire for 20 years.

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Prudential Insurance Co. of London reports a new record set up by the head office in the ordinary branch of its business during 1936. The new figure for business written (excluding group assurance) exceeded $146,500. In the same period consideration for annuities granted was in excess of $6.5 millions. The figures are converted on the basis of $5 to the pound.

The Wawanesa Mutual Insurance Company
Canada's Largest Fire Mutual

A leading All-Canada Company — in volume; in strength; and in service to "select" property-owners and agents.

Home Office, Wawanesa, Man. Eastern Office: 341 Church St., Toronto. Branches in Vancouver, Edmonton, Winnipeg, Montreal, Moncton.

FIRE WINDSTORM AUTO CASUALTY

Imperial Praises Its Underwriters

Cecil Moore Reports High Volume of Business Written

New business written by new representatives of the Imperial Life totalled $2.4 millions in 1936 according to G. Cecil Moore, general manager, at the company's annual meeting recently. This is $525,000 in excess of that produced in 1935.

In addition, the 1935 appointees still with the company at the beginning of 1936 produced an additional $1.7 million of business. These two figures together approximate 21% of total business produced by all company representatives in the year.

Mr. Moore also reported that 17 of the company's branches reported increases over the previous year in respect of new organization. The company's new organization trophy for 1936 for the best all-round recruiting and training record for the period went to J. K. Shook, manager at London, Ontario.

Tribute to J. L. Golden

The company's production clubs do not end until May 30, 1937, except in Great Britain where three members qualified for the senior club and three for junior membership. Already two members of the Canadian organization (J. L. Golden and J. C. Joy) have qualified for the senior club, however, and six members for the junior. Referring to Mr. Golden's exceptional record in the Montreal downtown branch, Mr. Moore said:

"His name has appeared on our monthly honor roll for no less than 108 consecutive months, even though for part of that time he was working as branch office cashier. Since he entered the field in 1931 he has each year been a member of our senior production club, having been president of this club in 1932, again president in 1933, honorary vice-president in 1934, vice-president in 1935 and president in 1936. For 71 consecutive months he has produced and paid for at least $25,000 of business each and every month."

Revise Plan For Calgary

Concessions Eliminate Much of the Opposition

From Our Own Correspondent

CALGARY.—Substantial concessions by bondholders have eliminated much of the opposition in official circles to the proposed refinancing plan for Calgary's capital debt.

Acceptance of the amended plan is favored by Mayor Andrew Davison who suggests a plebiscite if the plan is rejected by the city council.

Because of objections raised by the city to the plan in its original form representatives of bondholders have agreed to make the new debentures callable at par at any time. It was first proposed that they should be redeemed only through operation of the sinking fund.

Present 5% bonds are to be exchanged for bonds bearing the same rate of interest to their present maturity, and 4½% thereafter. Under the original plan there was no provision for a reduction in interest on these bonds even though the term is lengthened.

Saving Increased

Debenture debt and sinking fund figures have been revised as at Dec. 31, 1936. The resultant saving on the basis of debt figures at the end of 1936 will be $692,591 in 1937. The proposed plan was based upon 1935 figures and estimated the saving at $672,991.

Concessions also include lifting of budget restrictions and authorization to use a portion of sinking fund earnings for current purposes.

Jonquière School Corporation, Que., has been authorized by the Quebec Municipal Commission to pay interest coupons of Feb. 1, 1937, and interest on past due bonds to that date.

INCREASING PROGRESS

Features 31st Annual Report

THE MONARCH LIFE ASSURANCE COMPANY

Business in force increased 2.6% to $55,886,523

New Fully Paid Business increased 7.6% to $6,231,000

(New business placed at risk $7,974,284)

Assets increased to	$12,634,806.94
Surplus increased to	488,262.38
Premium Income increased to	1,690,512.73
Total Income increased to	2,700,958.53
Special Reserves and Surplus	1,426,339.30

Increased New Development

E. J. TARR, K.C., President — G. C. CUMMING, General Manager

A Year of Achievement

Balance Sheet, December 31, 1936

ASSETS

Real Estate:		
Office Premises	$105,000.00	
Other (Held for Sale)	300,667.80	
		$ 405,667.80
Mortgages on Real Estate		4,165,188.32
Agreements for Sale		64,882.95
Loans on Collateral		4,626.19
Loans on Policies		1,658,978.42
Bonds and Debentures		3,446,035.85
Stocks		85,834.00
Cash on Hand and in Banks		19,344.18
Outstanding Premiums Due and Deferred (Net)		182,048.02
Interest Due and Accrued		269,678.06
All Other Assets		154.25
TOTAL ASSETS		$10,302,438.04

LIABILITIES

Policy Reserves	$9,140,087.00
Provision for Unpaid and Unreported Claims	69,744.00
Policy Proceeds Left with the Company, Including Interest Accumulations	106,475.93
Premiums Paid in Advance	10,383.43
Agents' Credit Balances	3,671.12
Taxes, Expenses and Accounts, Due and Accrued	27,822.65
Investment Reserve	190,000.00
Other Liabilities	17,110.15
Dividends Allotted to Policyholders	129.00
Capital Paid In	327,793.12
Surplus	409,221.64
TOTAL LIABILITIES	$10,302,438.04

Assets increased by $575,697 . . . and Policy Reserves by $541,947 . . . Insurance Outstanding $40,982,811 . . . Terminations decreased . . . Income $1,714,536 . . . A strong statement showing solid growth.

PROTECTION

THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA
HEAD OFFICE — WATERLOO, ONTARIO

47th ANNUAL REPORT

1936 A Year of Great Success!!

New Insurance Issued in 1936 $14,685,537.42 (Fully Paid-for Basis)

Total Insurance Increased to $98,229,239.27 at December 31st, 1936

With 1936 New Insurance (Fully paid-for basis) showing an increase of 14% over 1935—*and an increase of 57% over 1934*— The Excelsior Life presents the highlights of its forty-seventh year.

Printed report, including full list of securities, will be mailed upon request.

Gain in Assets to $20,769,061.16 The highest amount in the history of the Company

Payments to Policyholders During 1936 totalled: $2,137,240.57 75% to living Policyholders

A STRONG CANADIAN COMPANY Operating only in Canada. 40 Branches and Agencies from Sydney to Victoria.

Alex Fasken, K.C., *President*
A. C. Galbraith, *Gen. Manager*

Consult telephone book for address of nearest branch

The Excelsior Life Insurance Company
• HEAD OFFICE • TORONTO, CANADA •

Canada Permanent Mortgage Corporation

Maintains Strong Position

Addresses Forecast More Building Construction—Endorse Suggestion of Commission to Study Western Public Debts — Show Improved Mortgage Collections — Urge Study of Real Estate Taxation and Removal of Restrictive Legislation — Point to Bright Side of Farm Situation in West.

PRESIDENT'S ADDRESS

Addressing the Annual General Meeting of Shareholders of the Canada Permanent Mortgage Corporation, held at the Head Office of the Corporation in Toronto on January 28th, the President, Mr. F. Gordon Osler, said in part:

You have each received a copy of the statement, and I shall not attempt to discuss it at any length. Our net earnings were slightly higher than in 1935. After payment of the dividend, and making the usual write-off on office premises, we added slightly more than $10,000 to the credit balance in the Profit and Loss Account. In the statement of assets no credit has been taken for the advance in security prices, and the figures given for our stocks and bonds are substantially below their market values. The item of sterling debentures shows an increase of $423,000, or approximately £85,000. Owing to the exchange situation it was thought advisable to cover maturities, which had to be retired, by new money, and the fact that we received so substantial an amount in excess of our principal requirements is striking evidence of the confidence of our British investors not only in the Corporation but in the country. The total of our outstanding currency debentures has fallen, which accounts for the reduction in our assets shown by the statement. Satisfactory investments have not been easy to obtain, and, while we are prepared to renew debentures for our clients, and, if possible, to accept new money when it is offered, we have not for some time past been pressing the sale of our debentures or making any consistent attempt to obtain new funds.

Earnings of the Canada Permanent Trust Company were increased and, after paying the dividend and transferring $30,000 to Investment Reserves, approximately $4,500 was added to the balance at the credit of Profit and Loss Account, and it now stands at $80,233.24. Assets Under Administration increased by 3½ million dollars to a total of $44,854,892.50, and the total assets, including estates, trusts, and agencies now stand at $47,719,001.12.

Trade Agreements, de-valuation of currencies, and stabilization of exchange, and some evidence that the nations generally are beginning to return to the principles of a world-wide trading system have conspired to assist Canada to obtain her fair share in the world recovery. During the twelve months ending November 30th, 1936, our exports increased by 180 million dollars, and our imports by 70 million dollars, and Canada occupies to-day the fifth place in her volume of foreign trade. The principal increases in export were from grain and the products of the forest. A few comparative figures will illustrate the volume and extent of our business recovery. The gross value of manufacturing for the year was estimated at 50 million dollars more than in the preceding year. The mineral production increased from 312 million to 360 million dollars, newsprint from 2,753,000 to 3,150,000 tons, and the employment index number from 102.4 on December 1st, 1935, to 106.6 on December 1st, 1936.

Private Construction Gained

The disappointing feature in the industrial field is the lag in the building industry which still continues. It is the more disappointing because of the extent to which building activity relieves the unemployment situation. The total value of building permits for 1936 was approximately 6½ million dollars below that for 1935. At the same time it must not be forgotten that a substantial portion of the 1935 total came from public works, and it is only fair to state that during the past year private construction made some advance, and the outlook for the future is distinctly brighter.

Farm Purchasing Power Up

The position of the farmer except in the drought area is distinctly better. While the volume of the field crops production declined, it gained slightly more than 85 million dollars in value, and the reduction of the wheat carry-over to below its normal proportions has removed a disturbing element from the market situation. The favorable re-adjustment of prices of the products of the farm to commodity prices and living costs was materially advanced during the year, and the purchasing power of the farmers at the end of 1936 was greater than it has been for many years. The rain and sunshine, of course, we cannot control, but, with even average weather conditions, the outlook for 1937 is encouraging.

Problems Challenge Statesmanship

Unfortunately, the railway problem, and the debt and taxation problems, remain, and will undoubtedly remain for some time, as a challenge to our constructive statesmanship. Some of our governments are making substantial progress along the road toward a balanced budget, and we had evidence during the year of a closer co-operation between some of the administrative departments of our Dominion and Provincial Governments with a view to relieving business of needless worry and expense. The situation with regard to municipal and public debts is naturally causing some concern, particularly in view of the action taken or threatened by some of our Provincial Governments. Repudiation and cancellation are not methods of payment which commend themselves to the majority of the Canadian people, and while the debt problem may be difficult, it is not so difficult that repudiation or cancellation is either necessary or wise. Particular experience in connection with the debt of various municipalities during the past year is convincing evidence that so far as the Provinces and, at least, the important municipalities are concerned voluntary adjustments can be made which will not be unjust to the creditor, and will maintain the debtor's reputation and credit.

Urge "Commission" Appointment

The matter of public debt of the three Prairie Provinces is one which requires serious and immediate consideration, and, unfortunately some of the actions, and more of the language of public men in at least one of the Provinces, is not doing much to assist. The solution of this problem will not come from the Alberta legislation. Whatever may be the merits or demerits of Social Credit, no one seems to understand it, and certainly what is happening in Alberta to-day, if it is not corrected, will only bring confusion and added misforune to that Province. On the other hand, a mere removal of that legislation, whether it is invalidated in the Courts, disallowed or repealed, will not in and of itself effect a solution, although the removal of it is a necessary step toward that end. No one who is familiar with the history of the West will believe for a moment that the problem cannot be solved in a sane and reasonable way. Neither can anyone fairly doubt that it is the sincere desire of all thinking men whether they have a financial interest in it or not, that the problem should be so solved. What is required at the moment is assistance—sympathetic, of course—but, by all means expert, and the suggestion which has been made that a commission, corresponding to what is known here as the "Duncan Commission" of some ten years ago, should be appointed to deal with it seems to be a reasonable and proper suggestion. The future of the West is of vital concern to all of us, for, as was said the other day by Professor Leacock in a public address:

"In the long run we are not anything, never could be anything, except as the Dominion of Canada."

As we turn the page against 1936 it is with a feeling that, notwithstanding the unfavorable features to which I have referred, our people are, as a whole, enjoying greater prosperity than at any time during recent years. Much has been accomplished, but much remains to be done. As the problems of peace are often more difficult than the problems of war, so the problems of the years of recovery may be even more perplexing than those of the depression. At the same time courage and vision are not unknown in our history, and there is no reason to suppose that our people have changed. We face the future and its problems, however difficult they may be, with confidence that they will be met in a manner worthy of our best traditions.

FIRST VICE-PRESIDENT AND JOINT GENERAL MANAGER'S ADDRESS

The First Vice-President and Joint General Manager, Mr. John A. Rowland, K.C., also addressed the meeting and said in part:

The reassuring value of the trade returns, which have just been quoted by the President, is not so much that they represent an increase in the total volume of our trade, as that they are the result of an improvement in practically all of our major business activities, and that the beneficial effects extend to all parts of our country and all classes of our people.

The year 1936 had its clouds as well as its sunshine, but it was undoubtedly a year of progress. It carried us some distance along the high road to permanent recovery. It left us with some difficult problems, but it brought out in clear relief their essential character and has given us some indication of the lines along which their solution must come; and as a people we enter upon this New Year in a spirit of confidence and with renewed optimism.

Mortgage Collections Improved

Turning to a more detailed discussion of the Annual Statement, we have found, as you may naturally expect to hear, a decided improvement in mortgage collections. Despite a lowering of the average interest rate, and a consistent reduction in outstanding principal during the intervening period, the amount received on interest account was substantially the same as in the preceding year. Accounts which had fallen behind were put in good standing, and arrears were being overtaken. Principal repayments increased by nearly $550,000, bringing our total collections of principal and interest to $6,242,000. Lending was resumed on a limited scale in a number of our outside Branches, and our field organization has been restored with a view to further extensions during the coming season, particularly in British Columbia and the Maritimes. Arrangements have been made to deal with applications from Prince Edward Island—a Province from which we withdrew some years ago. Our Real Estate Held For Sale increased, but even at to-day's figures it represents but a small percentage of our total assets, and is by no means an unproductive item. The real estate market is among the last to respond to the forces of recovery after a general depression. It would have been a mistake, and it would still be a mistake, to attempt a forced realization of our properties at current prices. Our experience during the past year, and particularly during recent months, has been that there is a gradual but steady improvement in the rental situation, and an increasing number of inquiries from prospective purchasers, and the outlook for sales is definitely better than it was a year ago. The two exceptions we must make to the record of general improvement are the misfortunes of the farmers in the drought areas of the West, and a continued delay in the revival of building.

Must Remove Obstacles

Statements as to a shortage of houses are not always reliable, and comparative figures as to the number and value of building permits issued are sometimes misleading. Nevertheless, the building programme for some years past has fallen short, not merely of the records in predepression years, but of our normal requirements. The reasons I think are fairly obvious. There is a natural reluctance at a time of business uncertainty to incur the obligation which is necessarily implied in the purchase or building of a house. But that feeling of uncertainty is gradually wearing away, and the time has come when the natural desire to own a home is beginning to re-assert itself, and when, indeed, a reasonable amount of what is commonly called "Speculative Building" would stimulate a proper and healthy demand. The Dominion Housing Act and the Home Improvement Scheme, recently inaugurated by the Dominion Government, have done something and will do more, but, after all, they touch only the fringe of the problem. There is no lack of capital seeking investment, and interest rates are low. What we require from Governing Bodies today is not so much active assistance for building programmes as a removal of the obstacles to building which, directly or indirectly, they have done so much to create.

Taxation is First Obstacle

The first of these obstacles is excessive taxation of real estate. I am fully aware that I am singing an old song, but I have no answer to the men who tell me that it is cheaper to rent than to own the house in which he lives, and that he will neither purchase nor build until he has some reason to believe that the burden of taxation imposed upon real estate will be reduced to its proper proportions and kept within its proper limits. There is no doubt that the cutting down of public expenditures for unnecessary and unproductive public works, the gradual refunding of the public debt at lower interest rates, and the absorbing of more and more of our people in the ranks of the employed will afford material relief, but even that is only a partial remedy, as I see it, and something more must be done.

There is an old Latin maxim which ought to be inscribed over the entrance to every legislative hall or council chamber, and should be solemnly chanted by the members at the opening of every taxation session. It runs—"ex nihilo nihil fit," —out of nothing nothing comes—and it means that, in the last analysis, production and the producer pay the taxes. It is quite natural that our taxing bodies should follow the line of least resistance and tap the visible source of supply, and the taxation of real estate is a comparatively easy way in which to obtain what they require. In this connection the financial corporations have some ground for complaint because they are a constant temptation. Yet it must be obvious that a corporation as such is nothing more than an abstract entity created by law and for legal purposes, that in and of itself it has nothing, and that the taxes which it is compelled to pay—and their number is legion, and the amounts are ever increasing—are, in fact, taken from its clients, its customers and all those who have a beneficial interest in its operations, no matter how small their interests may be.

Present Tax Base Faulty

The most efficient and, incidentally, the most productive system of taxation is the one which distributes the burden fairly and equitably over the greatest number of contributories, and, judged by this standard, our present system is faulty. The taxation problem is always a difficult problem, and the difficulty is not diminished for us by the fact that we have so many taxing bodies, each with its own requirements, its own elaborate and expensive machinery, and each jealous of its own powers. At the same time, the problem must be attacked, and it should be done now because of certain social legislation which has recently been adopted which must be made effective, and which, under the existing system, will add materially to our difficulty. In my opinion the whole system should be reviewed, and the matter is one on which the advice of experts should be sought. I heartily endorse the suggestion which has been made that it should be referred to a commission of the ablest men whose services can be secured, who will be above the suspicion of having any local or private interests to serve, and whose conclusions will commend universal respect.

Restrictive Legislation Creates Uncertainty

The second obstacle is restrictive legislation. It is interesting to note an increasing demand from sources, other than lending companies, for a repeal of our various Moratorium and Debt Adjustment Acts. The usual arguments are heard of the injustice which is being done to creditors by dishonest debtors who take refuge behind the legislation, and of the dangers to deserving debtors if the protection which it affords is taken away. These arguments receive more respect perhaps than they deserve. The greedy and grasping creditors, and the dishonest debtors are not as numerous as they are commonly supposed to be, and the question of repeal must be settled upon considerations much broader than these arguments suggest.

The objection to this type of legislation is that it creates and continues a feeling of uncertainty and uneasiness when confidence is what we most need. As conditions improve, the administration of the various Debt Adjustment Acts becomes more and more impossible. There is no apparent principle on which they can always proceed. They are attempting to make and enforce an adjustment between parties, but there is nothing definite on which the adjustment can be based. The result is that with repeatedly shifting values, due to changing conditions particularly in the West, a finding or a ruling which to-day seems reasonable, tomorrow is manifestly unjust and unfair. I wish to make it clear that I am not criticizing in any way the actions of any or all of the Adjustment Boards or Boards of Review. They have been endeavoring to discharge a duty requiring a measure of wisdom which even Solomon in the height of his glory did not possess.

Moreover, it must be remembered that the first mortgage on real estate is a type of security which from time immemorial has been an important and essential item in our social and financial structure. It has had, to a greater degree than perhaps any other type of investment, the confidence of the private investor, and one requires only a limited experience to appreciate how completely that confidence has been shaken, to the detriment of deserving borrowers who require money for the purchase of farms or the construction of homes. In a recent trip to one of our Eastern Provinces I paid a visit to an important centre in which considerable construction work was going on. On inquiring as to the loaning situation I was told that they had not had any moratorium legislation, and that there were private funds seeking investment in mortgages on real estate ample to meet their ordinary requirements. The inference, I think, is obvious.

Freedom remains only as law, and the processes of the law, are respected, and its administration is unhampered and above reproach. Security and certainty are the corner-stones of our social and civil structure, and if those stones are removed the structure is weakened and may be destroyed. If you take away from contracts the legal effect which ordinarily attaches to them contracts will not be made. In a country such as ours, which buys and sells and borrows abroad, and which must maintain its credit, two things should never be forgotten. The first is, if our Governments are going to engage in what are, after all, ordinary business transactions, they must be prepared to submit to the principles which govern in contracts between individuals. The other, that even where Governments are concerned, we cannot afford to lock the doors of our Court Rooms.

West More Prosperous

It is rather regrettable that while so much has been said and written of the misfortunes of the farmers in the drought areas in the West, so little has been heard of the other side of the picture. It is a great mistake to assume that the people of the West are mainly, or even partially, a distressed and broken people, who are fighting a losing battle against the implacable forces of nature. Their courage is unshaken, and their healthy optimism remains, and properly so. To a greater extent than is generally appreciated the West is living not by wheat alone. Oats, barley, fodder crops, livestock, dairy products, fur, lumber, coal, oil and minerals all enter into the composite picture. For the past five years the average annual gross manufacturing output of Manitoba has been $50,000,000 greater than the income from field crops and dairy products combined. Even the clouds have their silver lining. The frozen wheat of 1935 was converted into hogs—and the possibilities of the British market for Canadian bacon have not yet been exhausted. In 1936 the wheat crop was 46,000,000 bushels below the previous year, but the grade was uniformly better and the value $25,000,000 greater.

Agriculture's Future

Nevertheless, agriculture will continue to be the chief industry of the Prairie Provinces, and the farmer will still be subject to the uncertainties of the weather and to the further uncertainties—less numerous in the future perhaps than in recent years—of the market. It may, I think, freely be admitted that to some extent the sins of the father are being visited upon the children—sins political, agricultural, financial, but the mistakes which have been made are not irreparable. Settlements in unfavorable districts can be rearranged with more regard for moisture conditions, and this is a matter which is now receiving the attention of the Dominion Government. Faulty agricultural methods can be corrected, and information can be supplied, as to marketing conditions and possibilities. As a distinguished Canadian, who has had a long and intimate experience with Western Canada, said a short time ago:

"Better seed, better cultural methods, better livestock, and better preparation of product for market will, over a term of years, pay the farmer whether Providence sends him good weather or not."

In this connection I pay tribute to the splendid work that is being done by the Agricultural Departments of our various Governments, and quote with pleasure from an article by the Honorable Mr. Gardiner, the Dominion Minister of Agriculture:

"To expand and maintain markets in other countries for the exportable surplus of Canada's farm products is a task which the Dominion Department of Agriculture is making every effort to meet. An extensive and intensive study of the requirements of the export markets is being made, particularly in the United Kingdom where, due to preferential treatment, increased sales are possible, providing the demands of that market are met."

Newsprint's Future

Vining Calls for Moderation and Restraint in Current Situation

From Our Own Correspondent

MONTREAL. — Canadian newsprint production in 1937 may set a new high record in tonnage, according to a statement made by Charles A. Vining, president of the Newsprint Export Manufacturers' Association of Canada, before the Canadian Club of Montreal.

Preliminary figures for January indicate an increase of about 20% over the same month a year ago. This rate of gain is much higher than should be expected for the full year, said Mr. Vining, because of certain abnormal present factors.

Less optimistic was his reference to "dollar" returns. In some overseas markets substantial price improvements have been established, but in the North American market, which represented 80% of the Canadian total, he said, the contract price has been fixed at $42.50 a ton delivered in New York, an advance of only $1.50 over the 1936 figure.

Practically speaking, he went on to say it was no advance at all because rising costs of newsprint production in almost every item of wages and materials, would more than absorb the $1.50 before the year was over.

Outlines Tonnage Position

In discussing capacity and production, Mr. Vining said:

"Total effective capacity of the newsprint mills in Canada was rated by competent engineers a few months ago at about 3,860,000 tons a year, which is between 40% and 50% of total world capacity.

"The Canadian mills have effective capacity considerably greater than that of England, United States and Scandinavian countries combined. Quebec alone has about double the capacity of England.

"Canadian industry in 1936 operated at over 82% of rated effective capacity and its operations improved as the year moved on. For the first six months the rate was only 77%; the second six months it was nearly 88% in the final three months it was 91%.

"Measured in tons, 1936 has been a record year; the largest production year in the industry's history by a substantial margin. As reported by News Print Service Bureau, Canadian mills in 1936 produced approximately 3.2 million tons of newsprint, a gain of nearly 440,000 tons or 16% over 1935."

Discuss Economic Return

In dollars, the story in 1936 is very different from the production record. This huge volume of tonnage was sold at prices which yielded the Canadian industry at least $20 millions less than a minimum economic return.

In discussing what should be an economic return for newsprint, Mr. Vining said in part:

"What the figure would be for 1937 or 1938 I make no attempt to say, but it is obvious that it would be the 1935 figure of $47.50 (this is the figure on which it is estimated that Great Northern Paper, an economic producer, should have received for its tonnage in 1935 in order to provide an economic return) plus subsequent increases in production costs. It is too early to be precise about these increases, but it can readily be demonstrated to anyone who wishes to investigate, that newsprint production costs have risen materially since 1935 and are still rising.

"I am not talking about, nor suggesting, the market price which it might be expedient for a manufacturer to seek. The economic price is an item of fact; the market price is a matter of policy and judgment in which one would probably find a wide variety of opinion. I have nothing to say about policies. I submit only the fact that a bare economic price for newsprint in 1935, based on actual performance of a moderate producer, was approximately $47.50 and that a bare economic price today or for 1938 is $47.50 plus production cost increase. It is quite clear that in 1937, in spite of record demand for tonnage, Canadian industry is entering its fifth consecutive year of operating at a substantial national loss.

Selling Methods Handicap

"The expanation of it lies in methods of selling which became common factors in the industry under the continued stress of a buyers' market. It became a matter of policy with many companies to endeavor to hold their customers and maintain goodwill by following the lowest price of any important seller.

"With this combination of interlocking contracts and lowered price policy, and with the low tonnage condition, it was impossible in recent years for a single manufacturer, by timidity, vanity or faulty judgment, to be bullied, cajoled or bamboozled into a decision sealing the fate of the whole industry and for a whole year."

In discussing the industry's outlook, Mr. Vining said:

"If what I have said about the industry's present state has seemed somewhat gloomy in tone perhaps there is encouragement in the thought that the more evil one's plight the more room there is for improvement. And let me say at once that I believe improvement is coming. In the long run the law of supply and demand will have its way; it will not be denied by the sort of obstacles I have described. What little I have to say about the industry's outlook, therefore, relates chiefly to the subject of demand and supply.

"On the side of supply, the immediate question is: how many tons can the Canadian mills produce in 1937? It is a question which has had a great deal of study within the industry and I will give you the closest answer which has been reached.

Supply is Limited

"The Canadian mills have a total rated capacity, as I have mentioned, of about 3,860,000 tons based on competent investigations made a few months ago. With this figure as a starting point we must allow for two kinds of factors: plus and minus. The plus factors are improvements since the date of rating and the ability of certain mills to speed up their machines under pressure. The minus factors are, first, the delays in starting machines which represent rated capacity, but which cannot be ready for production until later in the year and, second, the fact that it is an impossibility to have every machine in every one of the 40 mills operate at full rating every hour of 309 working days.

"Weighing these factors in detail leads to the conclusion that the maximum production limit of all mills in Canada in 1937 is between 3,600,000 and 3,700,000 tons. As far as United States mills are concerned the outlook is that their 1937 production can be little, if any, greater than in 1936 and may easily be less. I believe one is being as accurate as any estimate will permit in saying that the Canadian and United States mills combined cannot produce in 1937 more than 400,000 to 500,000 tons above their 1936 total, or approximately the amount of the 1936 increase over 1935. This estimate is calculated from Jan. 1; it diminishes each month to whatever extent capacity is not fully used. Moreover, the estimate makes no allowance for loss of production by accidents, water shortage, strikes, shipping difficulties or other unpredictable factors.

Uniform Buying Essential

"With good luck and no accidents, however, the Canadian industry might supply increased 1937 demand to the extent I have mentioned, provided—and this is most important—provided buyers place their orders evenly throughout the year and avoid creating the seasonal peaks which have marked recent years. If buyers hold back their orders for the usual bulge in the second half of the year, even a moderate increase in 1937 demand will almost certainly create shortage of supply in certain months.

"Many people interested in the industry seem to hope that a shortage will occur because they wish to see a spot market with non-contract sales at improved prices. I believe, however, that such a hope is not a long range view. A spot market with buyers bidding frantically for supply might be poetic justice but it would not be good for the Canadian industry.

Want Sound Policy

"The sound course for the industry and its customers is to avoid extremes, either on the up side or the down. This industry is just emerging from one downward extreme, with its attendant waste and human misery; let us not set the stage for another by permitting an upward extreme to develop, even though the required restraint runs contrary to natural inclinations.

"Moderation and restraint, an adequate price, sensible selling methods, constant effort for new efficiency of production: these should be the guiding principles of an industry supplying a world commodity in a world market under world competition. No newsprint producer should allow himself to forget that extreme prosperity, especially newsprint prosperity, carries with it the seeds of its own destruction."

Lethbridge, Alta., is hopeful that a bond refinancing plan such as has been proposed for Calgary and Edmonton can be secured for its own debt. The city has already sent a proposed refinancing plan to representatives of bondholders. This plan suggests cancellation of the city's own bonds held in sinking fund.

G.F.

GENERAL FOODS CORPORATION

The nucleus of the General Foods Organization was the company founded by Charles William Post in 1895 at Battle Creek, Michigan. Seeking to restore his own health, he experimented with food products first creating Postum Cereal. Grape-Nuts was developed soon afterward with Post Toasties, Instant Postum and Post's Bran Flakes later being added.

An expansion programme started in 1925 and on July 24, 1929, the name was changed from Postum Company to General Foods Corporation to be more suitable for a company embracing fifteen units all producing nationally advertised food products.

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Bank Chat

Surplus Funds

SPEAKING of the Bank of Canada, an interesting sidelight on financial statements is afforded by comparison of the bank's monthly statement at Dec. 31, 1936, with its annual statement at the same date. At first blush it might appear that as the two statements depict the bank's condition on the same day they should be identical. Examination of the statements, however, shows that such is not the case.

"Rest fund" is carried in the monthly statement at the same figure as during 1936. In the annual report it shows an increase of some $570,000. The explanation is, of course, that the second gives effect to the portion of surplus for the year which was transferred to the fund.

Even if the amount of this appropriation was available before the annual report made its appearance, to publish it would have been giving the game away. For then, by simply multiplying the amount by which the fund was increased by three, surplus for the year could have been obtained. Obviously, the bank would not wish this information divulged until the annual report was made public.

* * *

Bank of France

ANNUAL meetings of the Bank of France are apparently a lot of fun. Last year, it will be recalled, there was considerable heckling and jeering on the subject of the contemplated change in the bank's ownership. This year the performance was repeated but for a different reason.

Ironic cheers greeted Governor Labeyrie's statement that the bank firmly intended to maintain the discount rate at the lowest level permitted by the monetary situation. This must surely have been an oversight, the report being prepared several days in advance. For just before the meeting, announcement was made that the discount rate had been jacked up from 2% to 4%.

The protests reached a peak at a point where cheers might have been expected. This was in connection with the present economic situation in France. M. Labeyrie declared that there had been such improvement in business particularly since autumn, that hopes were entertained that France had definitely emerged from the worst of the crisis.

If current rumors in connection with the exchange position of the franc are correct, there is some justification for the shareholders' attitude. It is reported that continued pressure against the franc may result in further devaluation before many months have passed.

* * *

Statistical Summary

FOLLOWING the example of central banks in a number of foreign countries, the Bank of Canada has decided to publish a monthly "Statistical Summary." Unlike many of these other institutions, however, it will confine itself to purely statistical analyses, making no comment whatsoever on the figures and charts.

Objectives of the new publication, the bank outlines as follows:

"To select from the available statistics material which will set forth, as briefly and clearly as possible, a number of the essential features of the Canadian economy; to present this material without comment in a convenient form; and to illustrate it by graphs which, it is hoped, will help to impress trends and current developments on the mind. . . The Summary is not designed to compete with any existing publications, but rather to supplement them and to stimulate interest by facilitating study."

* * *

Nary a Comment

PRESENTING a marked contrast to the monthly reviews published by the chartered banks, which generally comprise articles of wide financial or business interest, the first issue of the Summary indicates that its major service will be to present already available information in more readily digestible form. From time to time, however, the bank will publish entirely new material.

To those who wish an authoritative, excellently compiled, but purely statistical analysis of conditions in Canada, the publication will be most welcome. It will also serve a useful purpose in keeping those in other countries abreast of developments here. To many, however, the fact that the bank has made no comments on the subjects covered, particularly on those relating to finance, is disappointing.

Apparently this matter has been gone into very thoroughly by the central bank officials. It is acknowledged that operations of any central bank, to be effective, must be cloaked in a good deal of mystery. On the other hand, the Bank of Canada comes into contact with a number of phases of Canadian finance on which some information might be given out which would undoubtedly be of interest and value.

BANK DIRECTOR

Jean Rolland, who has been appointed a director of the Provincial Bank of Canada. Mr. Rolland is president of the Rolland Paper Co., vice-president of Regent Knitting Mills, Ltd., and a director of Cie. J. B. Rolland & Fils.

Bank Debits Advance 14%

Reflect Improved Business and Security Market Activity

Reflecting a combination of business improvement, more active security markets and higher prices, bank debits in 1936 were the highest of any year since 1930. Total debits for the year at $35,929 millions recorded an increase of 14% over the previous year.

Increases over 1935 were shown in 28 of the 32 reporting clearing houses, the remaining four all being in the Prairie Provinces. Greatest advance was in British Columbia which was up 24.1% from the previous year. Quebec was next in line with 21.8%; then Ontario, 13.7%; Maritime Provinces 9.8%; and the Prairies with 0.9%.

December debits in 1936 totalled $3,404.6 millions, an increase of 16% over the same month in 1935. Marked gains were registered in four of the economic areas, the Prairies proving the exception with a decline of 25.3%.

Comparative figures for the year by clearing centres are as follows:

Bank Debits to Individual Accounts

	1936 $	1935 $
Maritime Provinces:		
Halifax	341,775,552	310,052,273
Moncton	98,641,301	90,680,025
Saint John	189,985,161	173,320,562
Total—Maritimes	630,402,014	574,052,860
Quebec:		
Montreal	10,150,016,770	8,307,134,410
Quebec	717,146,205	606,964,150
Sherbrooke	71,484,756	63,430,463
Total—Quebec.	10,938,647,731	8,977,529,023
Ontario:		
Brantford	103,221,469	94,186,017
Chatham	100,652,126	79,902,107
Fort William	63,348,734	50,202,917
Hamilton	601,358,570	559,388,191
Kingston	67,867,438	55,634,971
Kitchener	128,018,389	114,191,829
London	420,889,625	362,317,629
Ottawa	1,469,292,434	1,444,156,227
Peterborough	68,620,664	60,023,193
Sarnia	74,160,267	69,145,537
Sudbury	72,735,265	55,597,151
Toronto	12,168,836,487	10,642,516,427
Windsor	439,678,369	289,364,280
Total—Ontario.	15,776,679,837	13,876,626,476
Prairie Provinces:		
Brandon	28,313,991	25,666,620
Calgary	636,145,594	616,831,075
Edmonton	387,386,725	400,418,426
Lethbridge	45,780,043	48,945,714
Medicine Hat.	26,842,729	27,322,542
Moose Jaw	77,376,584	53,874,399
Prince Albert	25,976,662	24,434,064
Regina	495,621,447	505,052,792
Saskatoon	121,553,190	110,058,112
Winnipeg	4,660,521,712	4,632,791,950
Total—Prairies.	6,505,518,677	6,445,395,764
British Columbia:		
N. W'minster	70,089,850	59,819,150
Vancouver	1,682,786,803	1,349,924,217
Victoria	322,481,831	262,718,851
Total—B. C.	2,075,358,484	1,672,462,218
Total—Canada	35,928,606,743	31,546,066,341

Commercial Loans Decline Seasonally

Cash Reserves Sharply Lower Following November Rise—Credit Index Drops a Point During December

Seasonal contraction of commercial borrowing at the year-end, coupled with a small increase in deposits, resulted in a decline of almost a full point in The Financial Post credit index during December.

This index, based on the ratio of current and call loans in Canada to Canadian public deposits, dipped to 35.4 from 36.3 in the previous month. In comparison with 1935, there is a decline of 7%. Most of this is accounted for, however, by liquidation during the year of large grain advances and a substantial loan to the Canadian Pacific Railway.

The more important factors influencing the Canadian credit situation compare as follows:

Use of Bank Credit in Canada
(In Millions of Dollars)

	Dec. 31 1936	Nov. 30 1936	Change	Dec. 31 1935	Change
Loans	904.7	915.9	—11.2	1,027.6	—122.9
Investments	1,383.7	1,316.1	+67.6	1,154.7	+229.0
Total	2,288.4	2,232.0	+56.4	2,182.3	+106.1
Deposits	2,230.1	2,226.8	+ 3.3	2,126.9	+103.2

Largest individual change of the month was in security holdings, with short-term government issues registering an increase of $43.2 millions. This probably is the reaction following a reduction of $36.5 millions in the previous month. The movement is taken by observers to reflect year-end window dressing with the Bank of Canada purchasing short-term securities from the chartered banks and consequently increasing their cash reserves. In November, cash reserves of the chartered banks, mainly deposits with the Bank of Canada, rose by $32.0 millions. December finds them reduced by $24.3 millions. November marked the financial year end of several of the commercial institutions. some of whom showed very substantial increases in central bank deposits in that month.

Note Circulation Lower

Note circulation dropped $6.9 millions during the month, perhaps in anticipation of the 5% reduction at the beginning of 1937, in accordance with provisions of the Bank Act. Bankers explain that circulation was gradually reduced over a period of months in order to comply with the Act.

Other large changes include an increase in government deposits, both Dominion and provincial, and a reduction in balances with foreign banks. Both of these are reversals of the previous month's trend.

Comparative figures as shown in the monthly composite statement of the banks to the minister of finance, are as follows:

	December, 1936 $	November, 1936 $	Change $	December 1935 $	Change $
ASSETS					
Immediately Available Liquid Assets					
Canadian coin	5,060,578	5,077,409	— 16,831	5,387,268	— 326,690
Bk. of Can. notes	47,863,653	44,178,891	+ 3,684,762	40,578,926	+ 7,284,727
Bank of Can. depos.	186,973,780	214,920,323	—27,946,543	181,636,608	+ 5,337,172
Bank's cash	239,898,011	264,176,628	—24,278,617	227,602,802	+ 12,295,209
Other bank notes	5,923,125	7,425,852	— 1,502,727	7,889,956	— 1,966,831
Gold & sub. coin ab'd.	6,115,140	7,236,737	— 1,121,597	10,409,361	— 4,294,221
Foreign banks	125,406,801	143,309,022	—17,902,221	111,711,167	+ 13,695,634
Foreign curr.	24,047,980	22,786,330	+ 1,261,650	24,289,692	— 241,712
Gov. sec. short term	468,517,634	425,327,103	+43,190,531	431,330,749	+ 37,186,885
Do., long term	646,990,716	633,332,863	+13,657,853	524,604,220	+122,386,496
Call loans abroad	75,424,484	74,671,142	+ 753,342	64,739,788	+ 10,684,696
	1,592,323,891	1,578,265,677	+14,508,214	1,402,577,735	+189,746,156
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	109,595,338	108,944,163	+ 651,175	99,235,800	+ 10,359,538
Public secs.▲	46,945,940	40,271,658	+ 6,674,282	46,233,029	+ 712,911
Other secs.	111,601,752	108,183,042	+ 3,418,710	53,272,725	+ 58,329,027
Can. call loans	113,945,859	115,669,406	— 1,723,547	82,980,995	+ 30,964,864
Current loans	675,451,831	692,647,974	—17,196,143	819,525,595	—144,072,764
Loans abroad	161,893,879	156,407,516	+ 5,486,363	144,979,570	+ 16,914,309
Prov. loans	19,733,763	17,943,695	+ 1,790,068	19,397,477	+ 336,286
Mun. loans	95,618,097	89,638,474	+ 5,979,623	195,667,601	— 10,049,504
	1,334,786,459	1,329,705,928	+ 5,080,531	1,371,292,792	— 36,506,333
Other Assets					
Non-curr. loans	11,991,412	12,302,439	— 311,027	13,125,696	— 1,134,284
Real estate	8,802,580	8,790,766	+ 11,814	8,592,887	+ 209,693
Mortgages	4,263,718	4,380,806	— 117,088	5,306,970	— 1,043,252
Premises	74,871,834	74,966,319	— 94,485	75,959,621	— 1,087,787
Letters of credit	66,575,576	62,856,534	+ 3,719,042	58,190,163	+ 8,385,413
Loans to comp.	9,341,937	9,561,794	— 219,857	10,805,935	— 1,463,998
Other assets	1,413,015	1,521,656	— 108,641	1,621,111	— 208,096
	177,260,072	174,380,314	+ 2,879,758	173,602,383	+ 3,657,689
Total	3,104,370,422	3,082,351,919	+22,018,503	2,947,472,910	+156,897,512
Note circ. dep.	7,042,885	7,035,985	+ 6,900	6,876,162	+ 166,723
Int. bank bal.	130,926,287	117,141,040	+13,785,247	124,759,094	+ 6,167,193
Gross	3,242,339,594	3,206,528,944	+35,810,650	3,079,108,166	+163,231,428
Liabilities					
To the Public					
Circulation	109,149,085	116,023,209	— 6,874,124	118,928,662	— 9,779,577
Dom. Govt.	25,101,863	8,187,337	+16,914,526	11,872,802	+ 13,229,061
Prov. Govt.	47,335,521	33,821,957	+13,513,564	40,719,570	+ 6,615,951
Deposits by Public					
Demand dep.	682,326,453	679,975,818	+ 2,350,635	640,920,930	+ 41,405,523
Savings dep.	1,547,822,474	1,546,776,305	+ 1,046,169	1,485,977,174	+ 61,845,300
Total	2,230,148,927	2,226,752,123	+ 3,396,804	2,126,898,104	+103,250,823
Foreign dep.	418,177,732	414,548,166	+ 3,629,566	379,475,757	+ 38,701,975
Due to Banks Abroad, Etc.					
United Kingdom	8,991,689	7,747,355	+ 1,244,334	8,536,238	+ 455,451
Foreign	31,368,927	30,843,056	+ 525,871	27,398,569	+ 3,970,358
Bills payable	698,811	833,901	— 135,090	1,458,024	— 759,213
Letters of credit	66,575,576	62,856,534	+ 3,719,042	58,190,163	+ 8,385,413
Other liabs.	3,193,393	2,953,007	+ 240,386	3,134,809	+ 58,584
Total public liab.	2,940,741,524	2,904,566,645	+36,174,879	2,776,612,698	+164,128,826
Due bet. banks	12,268,982	11,685,193	+ 583,789	14,327,470	— 2,058,488
Liability to Shareholders					
Dividends	793,045	2,947,693	— 2,154,648	794,397	— 1,352
Reserve	133,750,000	133,750,000	....	132,750,000	+ 1,000,000
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	3,233,053,551	3,198,449,531	+34,604,020	3,069,984,565	+163,068,986
Credit index*	35.4%	36.3%	— 0.9%	42.4%	— 7.0%

▲Other than Canadian.
*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

Weekly Bank Clearings

	Jan. 28 1937 $	Change year ago %	Jan. 21 1937 $
Halifax	2,042,825	+37.5	2,483,597
Saint John	1,664,922	+42.5	2,028,923
Moncton	638,896	+12.8	697,861
Sherbrooke	506,474	+48.1	564,859
Quebec	4,270,438	+46.4	5,152,425
Montreal	106,513,825	+38.2	122,973,887
Ottawa	13,205,501	+36.1	15,764,701
Kingston	417,361	+19.6	555,074
Peterborough	517,473	+28.5	672,602
Toronto	128,725,077	+21.2	167,433,612
Hamilton	4,662,358	+42.9	4,792,741
Kitchener	881,677	+30.3	1,147,965
Brantford	786,907	+43.1	968,365
London	2,349,078	—20.0	2,968,187
Chatham	485,072	+23.9	559,041
Windsor	3,150,055	+56.3	3,029,103
Sarnia	445,110	+63.4	425,878
Sudbury	958,070	+50.3	850,894
Fort William	661,705	+85.8	996,354
Winnipeg	29,975,850	+9.0	35,679,146
Brandon	220,770	+33.6	275,929
Regina	2,518,056	—3.5	2,788,074
Moose Jaw	472,044	+55.6	554,894
Saskatoon	1,133,660	+32.7	1,277,514
Prince Albert	247,349	+26.5	328,931
Edmonton	3,338,888	+35.3	4,269,481
Calgary	5,734,320	+28.1	5,706,012
Medicine Hat	188,351	+31.0	204,162
Lethbridge	282,285	—22.4	343,081
N. W'minster	504,681	+5.3	556,818
Vancouver	17,224,791	+24.6	21,878,981
Victoria	1,572,480	+32.5	1,658,756

Toronto Stock Volume Highest Since July, 1933

Volume of industrial shares traded on The Toronto Stock Exchange was 1,907,268 shares in January, the highest since July, 1933. The volume compares with 1,222,277 shares in December.

Value of January transactions was $39.5 millions. Brazilian Traction was by far the most active issue traded, with volume of 160,-687 shares.

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Bank of Canada Weekly Statement

Major changes in the Bank of Canada's balance sheet in the week ended Jan. 27 were an increase of $3.2 millions in chartered bank deposits and a further, seasonal decline of $3.6 millions in note circulation.

For the first time, the weekly statement of the central bank shows the addition to rest fund arising from profits on 1936 operations.

Balance Sheet

	Jan. 27 $	Jan. 20 $
Liabilities		
Capital paid-up	10,100,000	10,100,000
Notes in circ.	125,115,576	128,712,983
Rest fund	743,716	173,092
Dep.: Dominion	24,959,013	24,226,490
Banks	194,287,030	190,919,263
Other	1,534,804	1,763,491
Total deposits	220,780,847	216,909,244
All other liabs.	670,604	2,426,660
Total liabs.	357,410,743	358,321,979
Assets		
Reserve: Gold	179,529,814	179,529,814
Silver bullion	2,244,492	2,244,492
Res. in sterling and U. S.	13,689,302	13,992,030
Total reserve	195,463,608	195,766,336
Subsidiary coin	190,706	183,548
Investments:		
Dom. Govt. short	61,091,244	60,982,299
Other Dom. Govt.	97,537,218	97,907,723
Total invest.	158,628,462	158,890,022
Premises	348,092	350,215
All other assets	2,779,875	3,131,857
Total assets	357,410,743	358,321,979
Reserve ratio	56.50%	56.64%

J. L. Thompson President Kitchener Clearing House

J. L. Thompson, of the Canadian Bank of Commerce was elected president of the Kitchener Clearing House Association at the recent annual meeting of that organization. Other officers elected for the ensuing year are: H. S. Lancefield, Dominion Bank, vice-president; J. R. Kirkpatrick, Bank of Montreal, secretary; W. H. Robinson, manager.

New Royal Branch

A branch of the Royal Bank will be opened at Arntfield, Que., on Feb. 15. This will be an independent branch to serve the mining district. At present there are no banking facilities between Kirkland Lake and Rouyn.

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PUBLIC CONFIDENCE

Public confidence in the efficient administration of trust funds, and other funds, in our care is reflected in the following figures, as of December 31st, 1936:

Capital Assets	$1,172,980.00
Trust Savings Account	2,339,628.00
Guaranteed Trust Certificates	3,480,137.00
Estates Under Administration	8,723,839.00
Total Assets	$15,716,584.00

We invite you to consult us regarding real estate management, trust savings, the making of your will and the administration of your estate.

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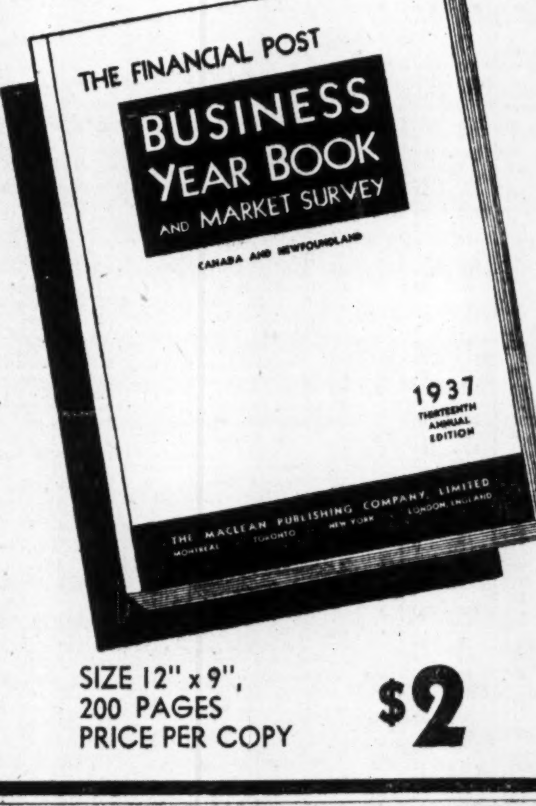

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Position of Chartered Banks of Canada as of December 31, 1936, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation $	Deposits by and Bal. Due to Dominion Government $	Deposits by and Bal. Due to Provincial Governments $	Advances from Bank of Canada $	Demand Deposits in Canada $	Savings Deposits in Canada $	Deposits Elsewhere ▲ $	Bal. due to other banks in Canada $	Due to Banks in U.K. $	Due to Banks Elsewhere $
Montreal	25,226,170	14,410,998	16,146,294	....	181,188,702	418,845,015	68,998,724	1,946,596	1,822,481	5,765,556
Nova Scotia	9,415,910	635,848	964,737	....	46,807,218	147,370,244	42,733,516	2,711,043	533,204	1,595,169
Toronto	4,095,865	353,891	800,602	....	30,902,663	76,303,164	5,499,140	762,210	248,833	1,221,318
Provinciale	3,210,702	140,083	60,968	....	6,060,490	37,238,479	149,783	314	2,510	56,398
Commerce	22,907,554	5,190,348	12,815,576	....	147,195,873	305,406,252	63,073,885	2,080,807	1,141,734	7,349,043
Royal	27,710,809	2,807,306	12,201,816	....	169,747,068	308,992,671	230,252,009	195,439	1,694,898	11,255,830
Dominion	5,570,701	270,896	611,650	....	35,766,100	72,258,647	3,571,124	1,661,828	420,430	698,051
Nationale	5,152,814	459,179	424,051	....	26,303,115	93,101,796	1,066,313	1,077,202	10,498	292,520
Imperial	5,550,035	816,360	3,309,694	....	36,836,130	84,529,681	264,916	1,458,418	499,029	1,525,037
Barclays	308,525	16,954	133	....	1,519,099	3,776,525	2,568,322	375,125	2,618,072	1,610,005
Total	109,149,085	25,101,863	47,335,521	....	682,326,453	1,547,822,474	418,177,732	12,268,982	8,991,689	31,368,927

NAME OF BANK	Bills Payable $	Letters of Credit outstanding $	Other Liabilities $	Dividends Declared and unpaid $	Reserve Fund $	Capital Paid Up	Total Liabilities $	Capital Authorised $ (Supplementary Information)	Capital Subscribed $	Last Dividend %	*Loans to Directors and firms of which they are partners	Average Notes and deposits with Bank of Can. $	Greatest amount of Notes in Circ. $
Montreal	84,328	7,880,304	1,935,588	16,215	39,000,000	36,000,000	819,266,979	50,000,000	36,000,000	8	721,067	69,771,926	27,176,843
Nova Scotia	23,888	6,699,886	303,269	362,017	24,000,000	12,000,000	296,155,950	15,000,000	12,000,000	12	2,462,096	23,830,000	10,309,991
Toronto	270,050	2,484,787	....	1,674	9,000,000	6,000,000	137,944,202	10,000,000	6,000,000	10	466,880	11,394,884	4,727,440
Provinciale	....	23,778	3,902	5,262	1,000,000	4,000,000	51,952,675	5,000,000	4,000,000	6	327,707	3,806,660	3,504,732
Commerce	60,721	21,081,881	....	15,298	20,000,000	30,000,000	638,318,978	50,000,000	30,000,000	8	2,541,911	49,514,652	25,561,813
Royal	209,988	22,783,264	357,209	31,600	20,000,000	35,000,000	843,239,913	50,000,000	35,000,000	8	1,281,843	49,726,810	31,731,539
Dominion	....	2,942,095	340,073	175,807	7,000,000	7,000,000	138,287,409	10,000,000	7,000,000	10	1,063,422	11,116,660	6,344,644
Nationale	49,836	572,191	253,295	9,192	5,000,000	7,000,000	140,772,007	10,000,000	7,000,000	8	147,916	8,630,486	5,342,554
Imperial	....	1,016,902	....	175,980	8,000,000	7,000,000	150,982,186	10,000,000	7,000,000	10	367,250	9,679,714	6,240,000
Barclays	....	1,090,488	....	....	750,00	1,500,000	16,133,252	1,500,000	1,500,000	....	4,185	575,726	333,825
Total	698,811	66,575,576	3,193,336	793,045	133,750,000	145,500,000	3,233,053,551	211,500,000	145,500,000	....	9,384,277	238,047,518	121,273,381

▲ Of this amount, $66,074,627 represents deposits in Canada in currencies other than Canadian, carried under demand and savings deposits in Canada prior to Aug., 1935. * And loans for which they are guaranters.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada	Gold and Subsidiary Coin Held Elsewhere	Notes of Bank of Canada	Deposits with Bank of Canada $	Notes of Other Banks	Govt. and Bank Notes other than Canada $	Cheques on other banks $	Balances due from other banks in Canada $	Due by banks in U.K. $	Due by banks elsewhere	Govt. sec. short term $	Govt. sec. long term $	Canadian municipal securities $
Montreal*	1,005,660	142,053	14,279,652	55,728,488	1,499,995	471,351	31,430,935	150	1,490,546	25,969,503	192,244,856	187,943,003	35,368,018
Nova Scotia	367,741	1,768,365	3,561,986	20,125,842	434,640	3,948,200	11,804,927	....	183,303	7,625,068	34,614,771	55,571,899	12,702,695
Toronto	226,920	....	2,184,758	7,802,020	260,640	71,029	6,788,798	....	865,665	6,534,434	9,423,683	42,832,510	7,116,998
Provinciale	195,841	....	827,171	1,966,785	224,000	59,178	2,200,861	751,849	....	92,572	3,814,126	10,570,570	9,181,802
Commerce†	876,212	206,785	6,982,283	45,618,931	851,355	931,676	22,242,895	1,121	755,597	22,970,800	69,029,904	126,632,491	10,650,239
Royal‡	1,348,349	3,996,118	8,736,478	32,215,415	1,458,895	18,320,233	29,571,325	3,955	7,223,974	40,315,149	125,459,403	130,343,683	9,794,790
Dominion	235,877	773	2,663,056	12,686,961	340,040	92,264	8,738,755	....	240,778	1,291,025	12,423,435	29,909,689	5,204,605
Nationale§	464,234	1,046	3,224,351	6,186,066	473,010	70,177	5,787,937	625,996	82,669	3,270,772	11,320,379	20,414,024	15,716,041
Imperial	327,140	....	5,337,403	4,301,235	373,985	78,061	8,585,366	629,080	446,602	1,461,105	9,618,870	38,662,689	3,818,159
Barclays	2,704	....	66,515	342,037	6,565	5,811	695,709	976,628	4,141,814	445,425	568,207	4,110,158	32,991
Total	5,060,578	6,115,140	47,863,653	186,973,780	5,923,125	24,047,980	127,937,508	2,988,779	15,430,948	109,975,853	468,517,634	646,990,716	109,595,338

NAME OF BANK	Public sec. other than Can.	Other bonds and stocks $	Call loans in Canada $	Call loans elsewhere $	Current loans in Canada $	Current loans elsewhere $	Loans to provincial governments	Loans to municipalities $	Non-current loans $	Real estate other than Bank premises $	Mortgages on real estate $	Bank Premises $	Deposit for note circulation $	Other assets $	Total assets▲ $
Montreal*	10,607,333	24,624,080	8,454,684	30,079,495	123,556,262	15,006,930	2,234,912	29,863,708	2,834,331	694,761	672,652	14,000,000	1,737,019	44,535	819,865,229
Nova Scotia	820,066	14,111,656	14,164,751	2,684,758	71,608,491	16,676,469	887,467	5,770,363	718,661	....	99,668	6,653,837	584,013	2,679,732	296,959,267
Toronto	1,048,619	3,729,677	6,454,065	....	32,636,002	....	....	4,926,955	204,910	....	45,401	3,501,038	349,424	....	139,488,245
Provinciale	....	3,603,435	3,655,612	....	10,405,020	....	76,466	1,047,858	97,392	671,354	347,989	2,100,531	183,675	120,403	52,218,278
Commerce†	20,148,766	20,035,128	27,994,886	19,127,707	144,378,280	21,629,367	7,400,998	22,725,460	3,582,127	2,728,096	1,568,232	14,793,440	1,325,000	3,931,712	640,210,373
Royal‡	14,090,632	31,680,455	26,386,008	18,143,355	173,215,795	108,274,648	3,415,485	10,542,339	3,593,846	2,695,967	766,025	15,729,288	1,625,000	3,589,016	845,328,901
Dominion	....	4,001,171	9,881,120	5,309,169	34,096,396	262,896	....	1,873,789	340,280	87,326	38,492	5,760,000	345,100	191,281	138,956,388
Nationale§	230,524	9,713,858	7,357,911	80,000	33,975,023	43,569	18,009	12,835,487	317,201	1,616,528	368,944	5,895,866	391,921	94,301	141,148,044
Imperial	....	102,292	8,370,122	....	49,628,419	....	5,700,426	6,032,138	292,936	308,548	356,315	5,987,834	494,537	103,871	152,024,045
Barclays	....	....	1,226,700	....	1,952,143	....	....	....	9,728	....	....	450,000	17,196	....	16,140,826
Total	46,945,940	111,601,752	113,945,859	75,424,484	675,451,831	161,893,879	19,733,763	95,618,097	11,991,412	8,802,580	4,263,718	74,871,834	7,042,885	-10,754,841	3,242,339,594

* The business of the Bank in Paris, France, and in San Francisco, U.S.A., is carried on under the name of local incorporated companies and the figures are incorporated in the above statement.—Footnote to Bank of Montreal return.

† The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡ The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) are included in the above general statement. — Footnote to the Royal Bank return.

§ The assets and liabilities of the Banque Canadienne Nationale, France, same being considered a branch operating as a subsidiary of the Banque Canadienne Nationale, are included in above return. — Footnote to Banque Canadienne Nationale return.

▲Total assets include $66,575,576 letters of credit outstanding as shown in liabilities.

STOCK AND BOND MARKET QUOTATIONS

Montreal, Toronto, Curb

The following table is confined to official prices for listed stocks. Where no recent transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING FEBRUARY 1, 1937

Range 1937 High	Low	Div R'te $	Jan30 Y'ld %		Sales	Last Jan. 25	Week end. Feb. 1 H	L	Cl'se
				A					
10¼	6¼	.	...	Abitibi	63374	9	9¼	8¼	8¼
57	41¼	.	...	Do. pref. 6%	10622	52¼	54¼	50	51¼
85	70	.	...	Do. pref. 7%	....	(— bid 85 asked)			
56	41	.	...	Do. cert. dep.	1148	53	52¼	50	51
5¾	5¾	10c	...	Acadia Sugar	....	(5¼ bid 5¾ asked)			
18¼	16	50c	2.8	Acme Glove	310	16	17¼	17	17¼
94	93	6.50	6.9	Do. pref.	....	(— bid 92 asked)			
12	6¼	40c	3.8	Agnew Surp.	135	11	10¾	6¼	6¼
110	107	7	6.4	Do. pref.	....	(107 bid 110 asked)			
7	4¼	.	...	Alta. Pac. Gr.	996	6¼	6¼	5¾	6
43¼	28	.	...	Do. pref.	315	42	40	37¼	38
116	116	.	...	Aluminum	....	(116 Jan. 7)			
6	5	.	...	Amal. Electric	....	(5 bid — asked)			
31	29	.	...	Do. pref.	....	(26 bid — asked)			
35¾	34¼	60+40c	..	Amer. Cyn. B	....	(33 bid 33¾ asked)			

Government Bonds

Dominion Guaranteed Bonds

			Bid	Ask	Yld.
Canadian National Railways:					
3	1 May '44	..	102.00	103.00	2.55
3	15 Dec. '50	..	98.75	99.50	•3.05
3	15 Feb. '53	..	98.50	99.50	3.05
•4½	1 Sept. '51	...	113.25	114.25	3.29
•4½	1 Feb. '56	..	113.50	114.50	3.45
†4½	1 July '57	...	113.00	114.00	3.53
•4¾	15 June '55	..	116.00	117.00	3.49
5	1 Feb. '54	...	116.50	117.50	3.61
•5	1 July '69	...	116.50	117.50	▲2.97
•5	1 Oct. '69	...	119.00	120.00	▲3.39
Provincial Government Bonds					
New Brunswick:					
4	1 Sept. '54	...	103.00	104.50	3.66
†4½	15 Apr. '61	...	110.00	111.50	3.77
†5	15 Jan. '60	...	114.50	116.00	3.93
Nova Scotia:					
3	2 Sept. '45	...	99.00	100.00	3.00
4½	15 May '43	...	107.00	108.50	3.01
†4½	15 Sept. '52	...	111.00	112.25	▲3.17
†5	1 Mar. '60	...	116.50	118.00	3.81
Ontario:					
•4	1 June '62	...	107.00	109.00	3.46
•4½	1 Sept. '44	...	112.00	113.50	2.62
4½	1 June '50	...	111.00	112.00	3.39
•4½	15 Jan. '62	...	113.00	115.00	3.58
5	15 Oct. '48	...	114.00	116.00	3.37
•5	2 Dec. '60	...	121.00	122.50	3.59
5½	1 July '46	...	115.00	116.50	3.45
Ont. Hydro Comm.:					
3½-4-5	1 Oct. '52	...	100.00	101.00	...
4¾	1 Jan. '70	...	117.00	118.50	3.79
Prince Edward Island:					
3	1 Oct. '45	...	100.00	101.00	2.87
Quebec:					
4	15 Mar. '52	...	106.25	107.25	3.39
4¼	1 Aug. '58	...	110.75	111.75	3.45
4½	2 Jan. '63	...	113.00	114.00	3.66
Alberta:					
4	15 Dec. '54	...	58.00	62.00	§
†4	1 Dec. '57	...	59.00	63.00	§
4½	1 Oct. '51	...	74.00	78.00	§
†4½	1 Oct. '56	...	62.50	66.00	§
†5	1 Jan. '48	...	63.50	67.00	§
5	1 Sept. '55	...	62.50	66.00	§
•5	1 Oct. '59	...	64.00	68.00	§
†5½	1 Jan. '47	...	63.50	68.50	§
6	1 Mar. '47	...	65.00	68.00	§
British Columbia:					
†4	1 Dec. '57	...	90.50	93.00	4.52
•4½	15 Jan. '51	...	98.00	100.00	4.50
†4½	1 Oct. '53	...	95.50	97.50	4.71
†5	15 Jan. '48	...	98.00	99.50	5.05
5	1 Sept. '53	...	98.50	100.00	5.00
5½	1 Feb. '45	...	99.00	100.25	5.46
6	15 Feb. '47	...	100.00	102.00	5.74
Manitoba:					
4	2 Jan. '50	...	84.00	86.00	5.44
†4	1 Dec. '57	...	83.00	85.00	5.18
†4½	15 Dec. '56	...	84.00	85.50	5.72
†5	15 June '54	...	90.00	93.00	5.63
•5	2 Dec. '59	...	92.00	96.00	5.30
5½	1 Oct. '55	...	87.50	89.50	6.46
6	1 Apr. '47	...	89.00	91.00	7.24
Saskatchewan:					
4	15 Aug. '53	...	75.00	77.00	6.20
4	1 Nov. '60	...	74.00	76.00	5.87
•4½	2 July '45	...	86.00	88.00	6.35
†4½	1 Oct. '51	...	86.50	87.50	5.75
†4½	15 Mar. '60	...	82.00	84.00	5.75
5	1 Aug. '58	...	82.00	86.00	6.16
†5½	15 Nov. '46	...	86.00	88.00	7.20
5½	1 Oct. '52	...	85.50	87.00	6.85
6	15 Mar. '52	...	88.50	91.00	6.95

Dominion of Canada

Feb. 3, 1937			Bid	Ask.	Approx Yld.
†‡5	1 Mar. '37	...	100.25	100.75	...
‡5½	1 Dec. '37	...	103.00	103.75	.97
2½	15 Oct. '39	...	101.50	102.50	1.57
4	15 Oct. '39	...	105.50	106.50	1.55
2	15 Nov. '39	...	100.50	101.50	1.47
1½	1 June '40	...	99.00	100.00	1.50
4½	1 Sept. '40	..	107.25	108.25	2.10
1	15 Mar. '41	...	97.00	98.00	1.50
5	15 Nov. '41	...	111.00	112.00	2.34
3	15 Oct. '42	..	104.00	105.00	2.08
2½	1 June '43	...	101.00	102.00	2.16
5	15 Oct. '43	...	112.00	113.00	2.86
4½	15 Oct. '44	...	111.00	112.00	2.76
▪2½	15 Aug. '45	...	100.25	101.25	▲2.29
4	15 Oct. '45	...	107.75	108.75	▲2.57
4½	1 Feb. '46	...	111.25	112.25	2.94
3½	15 Oct. '49	...	103.50	104.50	▲2.84
4	15 Oct. '52	...	107.00	108.00	▲3.13
3	1 June '55	...	99.00	100.00	3.00
4½	1 Nov. '56	...	110.00	111.00	▲3.20
4½	1 Nov. '57	...	110.00	111.00	▲3.30
4½	1 Nov. '58	..	110.50	111.50	▲3.33
4½	1 Nov. '59	..	110.75	111.75	▲3.37
▪3¼	15 Jan. '61	...	100.00	101.00	▲3.18
3¼	1 June '66	...	99.75	100.75	▲3.20
♦3	Perp. bds.	...	95.00	98.00	3.12

•Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ▪Payable N.Y. ‡Exempt from Dominion income tax. ♦Callable on or after Sept. 15, 1966. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%. •Calculated to maturity, although callable prior to that date.

Mining Stock Quotations

WEEK ENDED FEB. 1

Par Val.	Range 1937 High	Low	Company	Sales	Close Jan. 25 (or last)	High for week	Low for week	Close Feb. 1
1	.10¼	.06¼	Afton	245,800	.07¼	.10¼	.07¼	.08¼
No	1.85	1.42	Alderman	105,381	1.59	1.60	1.42	1.54
1	.04¼	.03¼	Alexandria	94,900	.04	.04¼	.03¼	.04
No	.09¼	.05	Algoma	183,950	.08	.09	.06	.07¼
1	6.65	5.10	Siscoe	66,210	6.15	6.30	5.90	5.95
1	2.50	1.90	Sladen Malartic	173,717	2.38	2.50	2.22	2.35
No	.05¼	.03¼	South Tiblemont	38,650	.05	.05	.04	.04¼
No	1.75	.90¼	Stadacona	519,144	1.44	1.75	1.35	1.72

Corporation Bonds

Supplied by Toronto Bond Traders' Association

Feb. 2, 1937

Public Utility Issues:	Int. Rate %	Due	Bid Feb. 2	Asked	Bid Jan. 26
•Ass. Tel. & Tel.	5½	'55	86	89	86½
Beauharnois P.	5	'73	58	61	56
†B. C. Power	4½	'60	99	102	99½
†B. C. 'Phone	4½	'61	105¼	108¼	105¼
•Calgary Pwr.	5	'60	96½	99½	93½
†Can. Nor. Pwr.	5	'53	102½	105½	102½
•Dom. Gas & El.	6½	'45	95½	98½	95½
•Gatineau Pwr.	5	'56	103	105	103
•Do., A	6	'41	100½	103½	101½
•Do., B	6	'41	100½	103½	101½
•Inter. Hydro-E.	6	'44	87½	90½	81½
•Inter. Power	6	'57	93½	101½	98½
•Do.	6½	'57	100	103	...
†Maclaren-Que. Power	5½	'61	96	99	96½
†Do.	5½	'64	95	98	95½
†Mtl. Island Pr.	5½	'57	103½	103½	104
†Mtl. L. H. & Pr.	3½	'56	102	105	101½
†Mtl. Tramways	5	'41	103½	106½	103½
†Do.	5	'55	85	88	84½
Nfld. L. & P.	4½	'56	101	104	100½
Nat'l. L. & P.	6	'49	96	99	93½
†Ot'wa L.H.&P.	5	'57	104	107	104
†Ottawa Tract.	5½	'55	102	105	102
†Ottawa V. Pwr.	5½	'70	91½	94½	85½
†Power Corp.	4½	'59	101	104	100½
•Quebec Pwr.	5	'68	103	106	103
Saguenay Pwr.	4½	'66	104½	107½	104½
†Shaw. W. & Pr.	4	'61	100	103	100
†Do.	4½	'70	104	107	104
†South. Can. Pr.	5	'55	103	106	102½
†United Secs.	5½	'52	80½	83½	80½
•Winnipeg Elec.	4½	'60	104½	107½	104½
•Do., A	4	'65	82	85	83
Do., B	4	'65	75½	78½	76
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	94	97	92½
Acadia Sugar	4½	'55	101	103	100½
†Alta. Pac. Gr.	6	'46	97½	100½	97
Asbestos Corp.	5	'42	110	113	110
B. A. Oil	4	'45	103½	106½	103
Canada Bread	6½	'41	108½	111½	109
†Can. Cement	4½	'51	104	107	104
†Can. Steamship	6	'41	70	73	71
Can. Canners	4	'51	100	103	100
Can. Bakeries	6½	'45	99	...	99
•Can. Inter. P.	6	'49	101	104	101
C. P. R.	3½	'51	104	107	103½
Do.	4	'49	107	110	106½
Do.	4½	'44	102	105	102
Do.	4 Perp		96½	99	98½
†Can. Vickers	6	'47	99½	102½	100
†Consol. Paper	5½	'61	94	97	83½
•Dominion Coal	6	'55	100	103	100
Dom. Sq. Corp.	6	'48	76	80	74
‡Dom. Stl. & C.	6½	'53	98	101	95
†Dominion Tar	6	'49	103½	103½	102½
†Donnacona P. 3-4-4½		56	87	90	87½
†Eastern Dairies	6	'49	86	89	85½
†Famous Play.	4½	'51	100½	103½	100½
†Federal Grain	6	'49	100½	103½	100½
†Fraser Cos.	6	'50	101½	104½	102
†Gen. Steel W.	6	'52	104	107	104
•Great Lakes Pap. Ex. Oct. 1/36 Cpn.	5	'55	91½	94½	92½
†Gypsum L.&A.	5½	'48	103	103	102½
†Gr. Br. & Can. Invest.	4½	'59	86½	89½	86
Hamilton Cot.	5½	'48	103	100	103
•Ham. By-Prod. Coke	5	'55	102	105	101½
•Hinde & Dauch	5½	'43	103½	105½	103½
†Inter. Paper	6	'55	99½	102½	100
†Inter. P. & P. Nfld.	5	'68	103½	105½	103½
Inter City Bak.	5½	'48	103½	105½	103½
Inter-City West. Bakeries	6½	'50	62½	65½	62½
†Kingston Elev.	6	'50	93½	101½	98½
†Lake St. John P. & P.	5½	'61	101	104	...
†Lond. Can. Inv.	4½	'48	95	98	94
†Maple L. Mill.	5½	'49	87	90	83½
†Massey-Harris	5	'47	97	100	97
†McColl-Front.	6	'49	104	107	104½
†Mercury Mills	5½	'53	89	92	90
†Mersey Paper	6	'49	100	103	99
•Minn. & O. P.	6	'45	71	74	69½
Mtl. Dry Docks	6	'48	93	96	93
Nat'l Grocers.	4 '36-'47		101	...	101
†N. A. Elevators	6	'50	97½	100½	97½
Nor. Ont. Bldg.	6½	'39	98½	101½	98
•Prov. Paper	5½	'47	102½	105½	102
Queen's Hotel	6	'47	98½	...	93½
•Reliance Grain	4½	'52	99	102	99
†Restigouche Co.	6	'48	111	114	110½
Rich. Bay Bldg.	6½	'47	101	...	101
†Riordon P. & P.	6	'42	104	...	104
†Rolland Paper	4½	'51	103	...	103
Ruddy & Co.	6½	'48	98	101	99½
†Smith, Howard	4½	'51	102½	105½	102½
•Spruce Falls P.	5½	'42	101	104	101
†Steel of Can.	6	'40	113	116	...
Sterling Coal	6	'40	91	...	90
Stop & Shop	6	'47	74	78	73½
Twin City	5½	'52	92½	95½	93
United Amuse.	5	'56	99	102	99
United Corp.	5	'53	98	101	98
Unit. Grain Gr.	5	'48	97	100	98½
Do.	5½	'49	99	102	99
Union Gas	4½ '43-'50		98½	101½	93½
‡Wabasso Cotton	4½	'51	97	100	97
†Western Grain	6	'49	80	83	79
Windsor Hotel	6½	'43	82	...	78
Zimmerknit	6	'51	100	103	100

‡Payable in Canada or U. K. †Payable in Can., U. S. or U.K. •Payable in Can. or U. S.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

February 2, 1937

	Bid	Asked
Industrial Stocks:		
Acadia Sugar, com.	5.40	5.50
Do., pfd.	5.50	5.60
Acme Farmers Dairy, pfd.	43.00	...
Algoma Steel, com.	21.00	21.50
Andian National	48.50	49.50
Assoc. Tel. & Tel., pfd.	53.00	54.00
B. C. Pulp & Paper, pfd.	40.00	...
Do., com.	11.00	12.00
Burns & Co., A	16.50	18.00
Do., B	9.00	10.00
Can. Tube & Steel, pfd.	80.00	...
Do., 2nd pfd.	21.00	...
Can. Wire & Cable, pfd.	115.00	117.00
Can. Airways	9.25	11.00
Can. Industries A com.	243.00	...
Do., B com.	241.00	243.00
Do., pfd.	164.50	165.00
Can. Ingersoll-Rand	120.00	132.00
Can. Westinghouse	68.00	70.00
Chase, A. W., pfd. bonus	26.50	...
Claude Neon Gen. Adv., pfd.	10.50	12.50
Do., com.	.70	.80
Conduits Nat., com.	6.00	6.50
Dom. Found. & Steel com.	115.00	118.00
Do., pfd.	97.00	99.00
Dom. Oil Cloth	41.25	43.00
Dominion Woollens, com.	1.50	2.50
Dunlop Tire pfd.	82.50	84.00
Eastern Dairies pfd.	23.00	25.00
Federal Grain, com.	4.75	5.45
Do., pfd.	51.00	53.00
Goderich Elevator	8.00	9.00
Great Lakes Paper, com.	16.00	16.75
Do., pfd.	36.25	37.00
Greening Wire, pfd.	108.00	110.00
Guelph Carpet 6½% pfd.	105.25	106.50
Do., com.	24.00	25.00
Hayes Steel Prod., com.	9.00	10.00
Do., pfd.	8.25	9.25
Highland Dairy com.	3.00	4.00
Do., pfd.	80.00	85.00
Inter City Bak. com.	37.00	39.00
McCormick's, com.	1.50	3.50
Mercury Mills, com.	2.00	...
Morrison Brass, pfd.	6.00	...
Mount Royal Hotel, pfd.	2.50	3.50
N. Meth. Laund., pf. bonus	68.00	...
Perfection Pete., pfd.	23.00	25.00
Provincial Paper, pfd.	106.25	107.25
Reliance Grain, pfd.	90.00	101.00
Robinson Consol. Cone	9.00	9.70
Ruddy, E. L., pfd.	42.50	44.00
Seal O Sac (Can.)	26.00	28.00
Standard Fuel, com.	9.25	10.50
Do., pfd.	106.00	108.00
Super. Petroleum, B pfd.	27.25	28.00
United Steel, A pfd.	14.50	15.00
Western Grain, pfd. bonus	15.00	18.00
Wings Limited	2.10	2.30
Trust and Loan Stocks:		
Chartered Trust	91.00	...
Commercial Finance, com.	2.70	3.00
Guelph Ont. Inv. par $50	50.00	52.00
London & West. Trust	54.00	56.00
Sterling Trust	37.00	...
Traders Fin. B pfd. bonus	90.00	...
Trusts & Guarantee	31.00	33.00
Insurance Stocks:		
Canada Life	535.00	545.00
Canadian Fire	78.00	...
Canadian Ins. Shares	13.00	15.00
Confederation Life 20% pd.	113.00	115.00
Dominion Fire	135.00	...
Dom. of Can. Gen.	120.00	...
Empire Life 25% pd.	7.75	8.50
Excelsior Life 30% pd.	70.00	73.00
Federal Fire 25% pd.	43.00	...
Fidelity Ins. of Can.	50.00	...
Great West Life	...	360.00
Guar. of N.A. fully paid	290.00	310.00
Halifax Fire	23.00	24.00
Imperial Life	370.00	...
Manufacturers Life	250.00	260.00
Monarch Life 10% pd.	19.25	21.00
Sovereign Life 25% pd.	16.00	19.00
Sun Life	840.00	875.00
Toronto General	5.75	6.25
Western Assurance, com.	48.00	50.00
Theatre Stocks:		
Allens Beach, pfd.	72.00	75.00
Do., Kingston, pfd.	71.00	76.00
Do., Parkdale, pfd.	76.00	...
Do., Toronto pfd. bonus c.	35.00	39.00
Loew's Buffalo pfd.	4.00	...
Do., London pfd.	3.00	3.50
Do., Toronto, pfd.	115.00	125.00
Mansfield Theatre, pfd.	43.00	46.00
Paramount, Kitchener, pfd.	55.00	62.50
Do., Oshawa, pfd.	91.00	94.00
United Amusement, A	27.00	30.00
Investment Trust Shares:		
Can. Gen. Invest.	11.00	11.50
Can. Int. Inv. Trust Units	105.00	...
Can. Investors Corp	10.00	10.50
Cons. Div. Stand. Sec. Units	19.00	20.00
Corporate Investors	8.00	8.50
Dom. Scott. Invest. Units	45.00	47.00
Invest. Foundation Units	65.25	67.00
Lon. Can. Invest., com.	3.50	5.00
Do., pfd.	52.00	...
Sec. Holding Units	24.50	25.50
United Corpns., A	28.50	29.50
Do., B	29.25	30.00
Power Issues:		
Calgary Power, pfd.	81.00	...
Can. West Nat. Gas pfd.	91.00	92.50
Do., com.	23.00	25.00
Great Lakes Power pfd.	99.00	101.00
Inter. Util. 1.75 pfd.	14.75	16.50
Montreal Island Pwr. pfd.	17.00	...
Nor. Ont. Power, pfd.	104.00	105.00

Winnipeg Stocks

(Transactions from Jan. 25 to Jan. 30)

	Sales	High for period	Low for period	Close Jan. 30
Can. Airways	10	10.00	10.00	10.00
Bailor Gold	800	.10¼	.08	.10¼
Cryderman	6,500	.03¼	.03	.03
Flin Flon	19,500	.16	.15¼	.16
Gt. Falls M.	5,800	.26	.22	.25
Gold Lake	11,000	.05	.04	.04
Gurney Gold	9,400	.52	.49	.49¼
Herb Lake	6,000	.21	.20	.21
Island Lake	10,000	.04¼	.03¾	.04¼
Kingfisher	5,200	.03	.02	.03
Optic Lake	125	1.50	1.00	1.25
Ore Grande	6,500	.14¼	.13¼	.13¼
Monarch Life	30	21.00	21.00	21.00
Marvel Oils	8,400	.08	.07	.08
Packsack	5,200	.31	.27	.30¼
Sachigo	458	21.50	20.00	21.50
Scotia Gold	2,000	.02¼	.02¼	.02¼
United Grain	7,601	10.25	10.00	10.00
Wings	245	2.45	2.10	2.10
Wpg. R. Tin.	8,500	.02	.01¾	.02
Wallace Lake	1,500	.04	.03¼	.04
Wylie Dom.	2,800	.45	.41	.43
Wingold	12,450	.05¾	.05	.05
West. Steel pf.	25	7.00	7.00	7.00

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Ins.	..	100
Can. Indemnity	125	..
Comm. Securities	..	10
Home Invest	19	..
Northern Mtge., part pd.	..	3¼
North. Can. Mtge., pf.	4	..
Northern Trust	..	9½
Traders Bldg.	90	96
West. Steel pf.	7	..

*Stocks more active on other exchanges not included.

Unlisted Mines

February 2, 1937

	Bid	Asked
Admiral	.36	.38
Amos Cadillac	.27	.30
Albany River	1.15	1.20
Algold	.60	.63
Algoma Summit	2.20	2.20
Arno	.05½	.07½
Athona	.33	.38
Arrowhead	.47	.49
Area	.06	.07
Bailor	.03½	.09½
Bathurst, new	.04	.05
B.E.A.R.	.29	.31
Bid'Lamaque	.40	.43
Big Master	.24	.26
Big Long Lac	.06	.07
Bilmac	.18	.21
Black G.	.41	.43
Blue Star	..	.25
Beresford L.	.40	.45
Brae Breest	..	.25
Brengold	.17	.20
Bousquet	.03½	.09½
Cal. F. Flon	.12	.13
Can. Pandora	.19	.21
Can. Kirkland	.05	.05½
Candalaca	.39	.42
Cal. Bousquet	.37	.40
Casey Summit	.22	..
Casey Contact	.04	.04½
Centrecour	.29	.32
Colonial	.44	.47
Chestv'l	1.62	1.70
Coin Lake	.18	.20
Condor	.11	.12
Con. Kirkland	.59	.62
Cres. Kirkland	.28	.29
Coulson C.	.32	.34
Cuniptau	.09½	.10½
Darwin	.24	.23
Demp Cadillac	.32	.34
Den. Nic'l	.32	.35
Derlak	.17	.20
Dean Cadillac	.23	.25
Desantis N.	.70	.76
Don. Mar.	.36	.39
Doreva	.82	.83
Dunlop, new	.22½	.24½
Electra P.	.46	.43
Empress C.	.38	.41
Eva. Lake	.18	.20
Faulkenham	.36	.39
Forty Four	..	2.25
Franklin	.03½	.04
Frontier	.18	.20
Garnet	.07	.08
Gate Patricia	.16	.19
Gilbec	.06	.07
Gillies Lake	.62	.65
Goldside	.09	.09½
Gold Eagle	.73	.78
Gold Gate	.49	.51
Gordon Lebel	.26	.29
Hayes Cadillac	.16	.18
Hislop	.20	.22
Holtyrex	.08	.08½
Horseshoe	.10	.12
Hudson Pat	.10½	.12
Hutchinson Lake	.35	.37
Jellicoe	1.20	1.25
John. Nipigon	.07	.08
Kaw Crow	.29	.32
Kenecho	.17	.19
Kenricia	.95	1.00
Keora	.05	.06
Kerr Addison	4.35	4.40
Kaw'Gama	.63	.73
King Kirk	.07	.08
Kirgood	.31	.33
Kirk Gate	.28	.32
Kirk G. B.	.15	.18
Kirk King	.31	.34
Lafayette	.07½	.08
Lake Geneva	.58	.60
Lamaque	8.75	9.25
Madsen	1.42	1.45
Magnet Lake	.21	.23
Magnet Con.	.56	.59
Malartic Gold	.61	.64
Martin McNeilly	.07	.08
Martin Bird	.68	.70
Margaret	.60	.63
Maritime	.43	.46
Man. Basin	.07	.08
Matona	.39	.42
Mat. Can.	.19	.23
Moffatt new	.13	.15

UNLISTED MINES—(Continued)

	Bid	Asked
McFarlane	.11	.11½
McCarthy Webb	.42	.45
McV. Kirkland	.15	.16
Mooshla	.80	.82
Monarch	.30	.33
Mosher	.44	.45
Murmac	.07	.09
North Shores	.05	.06
Oklend	.61	.64
Old Diamond	..	.35
Oleary	.13½	.20
Opemiska	..	.50
Oriole	.11	.12
Ossian	.06	.07
Pan. Cadillac	1.12	1.20
Pascalis	.57	.60
Par. Malartic	.33	.35
Porc. McNabb	.24	.26
Porc. United	.18	.19
Porc. Gold R.	.02	.03
Phoenix Mol.	.57	.63
Porcupine Tri.	.18	.20
Porcupine Lake	.46	.50
Porquin	.21	..
Proprietary	3.65	..
Queensboro	..	.20
Red Crest	1.83	1.88
Rajah	.32	.34
Richmac	.41	.43
Roeanor	.28	.32
Rouyn Reward	.15½	.16
Rubec	.03	.09
Sand River	.44	.48
Schreiber	.15	.17
Shenango	.28	.31
Silver Val	.17	.19
Skookum	.19	.22
Siscoe Ex.	.47	.50
Slave Lake	3.30	3.60
Smelter	.10	.11
Spooner	.37	.40
Sturgeon River	.53	.56
Springer Sturgeon	.18	.20
Sun. Kirk.	.60	.63
Tonawanda	.10	.12
Upper Canada	.69	.71
Valloc	.11	.13
Wascanna	.37	.40
Wesley	.56	.60
West Side	.09	.10
West. Red Lake	.08	.09
White Horse	.32	.35
Wendigo	.35	.38
Winoga	.37	.40
Young Davidson	.19	.21
Ypres Cadillac	.41	.44

Week in Wheat

Deluge From Argentine Meets Fair Resistance

Winnipeg Stronger Than Liverpool — Canadian Market Confident That Supplies Will be Well Cleared Before End of Crop Year

From Our Own Correspondent

WINNIPEG.—This market has been showing more resistance to price declines than Liverpool. The feeling is partly based on the fact that British contracts up to July at least may be filled with Argentine wheat of which plentiful supplies are in sight.

Holders on this side are confident that the present slow rate of buying Canadian grain will be improved before navigation opens in May and that stocks will be well cleared by the end of the crop year. With Canadian shipments going out in comparatively small volume the visible supply of Canadian wheat is nevertheless steadily declining and should fall below 100 million bushels at the next report.

European advices, while insisting that world winter wheat prospects are still fair, emphasize fears that damage has occurred in Italy, France and Poland. Liverpool is paying a good deal of attention to complaints from India of lack of rain.

Why the Change?

THE recent course of wheat prices gives rise to a question as to why Canadian wheat should be currently worth 15 cents a bushel less than was the case a short time ago, when there has been no great change in the situation regarding supply and demand.

Easing of political tension in Europe is given by some observers as an important cause. When the European situation seemed to be at the point of maximum danger, some buying by different countries was believed to be based on the idea of accumulating reserves against a possible war. That belief induced a corresponding amount of speculative buying.

* * *

Argentine Influence

ANOTHER factor is the Argentine crop. This is now being harvested instead of remaining a prospect, and its new influence as such is considerable even though the size is about as predicted. This crop is being exported at an unprecedented rate. Indeed, current shipments would give rise to very decided market weakness except for the generally prevailing belief that a large part of the available surplus is already ear-marked for Italian use.

News dispatches continue to emphasize the German need for wheat imports, a need which if satisfied would make large demands upon available stocks. But they also emphasize the difficulty of Germany in finding means of payment.

* * *

Weaker British Mix

BRITISH millers have not yet begun to use Argentine wheat in quantity in their milling mix. Indeed, supplies would hardly be available to permit this until near the end of February. But there are reports that such a course is planned. This is somewhat disappointing after the recent improvement in respect to the proportion of Canadian wheat in British flour.

* * *

Chinese Buying

CHINA has begun to take Argentine wheat. How large the Oriental demand will actually prove to be it is always impossible to predict. But there seems to be need for large Chinese imports, if only means can be found for paying for them.

* * *

Board Holdings

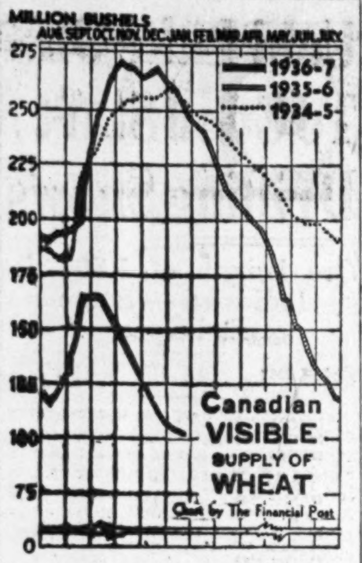
DISCUSSION continues in the trade as to the probable extent of the present holdings of the Canadian Wheat Board. Interest in the subject, however, is much less than it was some months ago. The universal opinion is that holdings are down to a small quantity. The board is expected to have no difficulty in liquidating completely by the end of July, and could probably do so by the end of May.

The narrow spreads between prices for different grades of wheat attracts comment. But supplies of lower grade wheat are practically non-existent, and No. 1 Northern is about the only kind that Canada has for sale at the moment. It is possible under such conditions for small quantities of other grades to sell very close to the price of No. 1.

* * *

U. S. Prospects Improve

PARTS of the winter wheat area in the United States have been receiving heavy precipitation, and the general feeling is that prospects for production are better than were anticipated early in the winter. Promised improvement has been producing some bearish sentiment in the Chicago market. However, it is much too soon to predict ultimate outcome of the record American winter wheat acreage. March with its alternate freezing and thawing is still ahead, as are also the all-important April and May rains. Harvesting in the southern area usually starts in early June.



SLUGGISH

With the Argentine monopolizing the centre of the world grain trade there is little weekly change to be noted in figures of Canada's visible supply of wheat. Total is now down close to 100 million bushels as compared with approximately 245 millions for the same week a year ago.

Export clearances of 2.2 million bushels are a fair average for the last month. No appreciable pick-up in exports is expected until the rush of Argentine grain marketings is over, probably a month hence.

Details in bushels are as follows:

Canadian Visible

Week of Jan. 29	Week previous	Last Year
101,338,000	103,694,000	244,540,000

Export Clearances*

Week of Jan. 29	Week previous	Last Year
2,219,068	2,724,569	4,937,242

*Plus U. S. imports.

See Wheat Carryover Cut to 50 Millions

Will be Second Chance for Heavy Exports Next Spring

BEFORE U. S. CROP

A few weeks ago when Canada's weekly wheat exports were averaging over five million bushels, a carryover of under 50 million bushels at the close of the current crop year on July 31 next was freely predicted. Indeed, alarm was expressed in some quarters over the possibility of a domestic shortage if overseas shipments were maintained at the December rate.

Picture Changes

With the commencement of heavy Argentine shipments in January, however, these fears have disappeared. With them has also vanished criticism of the Murray selling policy. This criticism flared up when sales were heavy and the market was rising and may be expected to revive if that condition again prevails.

Now, with the current crop year exactly half over, the present wheat situation is as follows:

CANADA'S WHEAT SUPPLY
26 Weeks

	Bushels
Carry-over Aug. 1, 1936	118,772,000
Total new crop, 1936	229,218,000
Total available	347,990,000
Less:	
Domestic needs (seed, feed, flour)	110,000,000
	237,990,000
Exports to Jan. 29	123,463,000
	114,527,000
Add:	
On farms Jan. 29	27,715,000
Export surplus Jan. 29	142,242,000

What Now?

What will the carryover be next August?

Wheat exports during the first half of the year have averaged 4.7 million bushels weekly. If this average could be maintained during the balance of the year Canada would face the new 1937 crop with less than 20 million bushels of old wheat in store. Such a clean out, however, is considered improbable by most grain observers.

In the first place it would be letting carryover get dangerously low, particularly if the new crop was late. With unfavorable weather, new wheat might not be available for milling until a month after the 1937 crop year opened.

In any case weekly exports in the second half of the current crop year are not expected to average as high as in the first half. Then there was little large scale competition and the principal threat to firm prices was the still considerable Canadian carryover itself. United States was out of the export picture and Canada was easily the biggest single source of surplus supply.

Keener Competition

In the second half of the year, however, both Argentine and Australia come into the picture. Wheat from the former country is now pouring across the Atlantic. Australian shipments are also moving out in considerable volume. As a result, Canadian weekly wheat exports have shrunk to less than three million bushels.

Even if kept to this modest figure the carryover, by the end of July, would be down to 80 million bushels. But present volume of Argentine exports will soon exhaust current surplus in that neighborhood and there will come a period of two to three months when Canada will again be the chief source of supply. The Canadian carryover next August will depend upon the volume of wheat marketed in that gap which occurs before new wheat is available from the United States southwest from June 1 on. At present there would seem no reason to doubt that this carryover can be easily reduced to any reasonable figure desired around 50 million bushels.

Grain Probe Hears Attack On Pooling

But Real Fireworks Expected When Enquiry Resumes March 1

MILLERS HEARD

Adjourning temporarily to permit Mr. Justice Turgeon to conclude his textile enquiry, the Royal Commission on grain is expected to resume sittings about March 1 at Vancouver. From that point it will move to Calgary where the highly controversial subject of pooling and price stabilization will be investigated.

The pools will then come in by the front door of the commission, instead of being dragged in backward, as has appeared to happen on several occasions. It was the evident intention expressed by the agenda of the commission to deal first with the set-up of the machinery of the regular grain trade, and come to the pools and to stabilization later. But it proved impossible to definitely segregate the two and discussions cropped up from time to time regarding the results of pool activities and of stabilization operations.

Government Losses

Recent presentations before the commission shifted to a discussion of co-operative institutions when Dr. H. S. Patton, of Michigan State University was called on as an independent economist sympathetic toward the pool idea. He proved, however, to have no friends among the counsel before the commission in spite of his praise of the past course of the pools and his recommendation that they be set going again with a Government guarantee.

Pool counsel gave him no help when his plan was torn to pieces by commission and grain trade counsel. Possibly that was because he admitted that the pools had made serious errors in the past, that pooling could not be conducted without throwing losses upon the Government, and that he believed the open market should be maintained.

Counsel for the elevator companies dwelt on the discrimination involved in confining Government favors to the 40% of western farmers who patronize pool elevators, and ignoring the needs of the other 60% who deal elsewhere.

U. G. G. Testimony

R. S. Law, president of United Grain Growers, presented a lengthy statement dealing with the history and success of that company. United Grain Growers admitted responsibility for the introduction of the pooling idea into Western Canada, although the actual development of the pools had been along different lines from those advocated by the company. As to whether pooling could be made to work without getting into difficulties such as overwhelmed the pools in 1930, Mr. Law declined to express an opinion until the reasons had been explored which had led to the collapse of the pool experiment.

Millers Case

D. C. MacLachlan, president of the Maple Leaf Milling Co., showed the objections of the millers of Canada to Government interference with trade, and insisted on the need of the open market for satisfactory conduct of the flour business. But even more than that the millers wanted to stress the importance of Canadian flour sales as leading the way for sales of Canadian wheat, because of the demonstration of quality given by the flour.

Survey Sees Improvement For Grain Companies

Outlook for Canadian grain companies improved considerably in recent months, according to a survey prepared by Lynch, MacNames & Co., investment dealers.

The small crop last fall is admittedly a discouraging factor, but it is pointed out that higher prices and an accelerated export movement will create a tendency favorable to an increase in carrying and storage charges "possibly to the same levels existing prior to September 1935." Canada's principal grain companies in which there is a large public investment interest, are analyzed in concise tabular form.

What's What In Advertising

By TORY FLEMING

R. D. Gilpin-Brown has joined the Montreal office of McConnell, Baxter and Eastman Ltd. For some years he was on the editorial staff of The Financial Post and more recently with McTaggart, Hannaford, Birks and Gordon Ltd., investment dealers.

* * *

Opening of a new branch in Oakville, under the management of W. A. Chant, is announced by the Ardiel Advertising Agency.

* * *

A Lenten campaign for Todd's Horseshoe brand salmon is being launched early this month by J. H. Todd & Sons, packers of Victoria, B. C. Local merchants will co-operate by tying in with the advertising.

* * *

It seems that advertising has beaten the movies to the punch in achieving third dimensional effects. "Depth" is to be added to the advertising Jane Engel Stores in New York City, according to an announcement. While not revealing how the third dimension is to be produced, the store promises that the effect will be so good it will revolutionize magazine and newspaper copy technique.

* * *

Contracts and instructions have been issued to an extensive list of magazines and newspapers in the United States on the 1937 campaign for the Canadian Travel Bureau, operating now under the new Department of Transport. Based on the growth in the volume of tourist trade last year and a further increase estimated for this year, advertising expenditure is likely to be considerably greater. The slogan "Canada Calling," used in another Canadian Government campaign in the United Kingdom, has been adopted for the bureau. MacLaren Advertising Co., Toronto, is directing the campaign.

* * *

British American Bank Note Co. Ltd., Ottawa, will increase its advertising expenditure, in order to add mining publications to the list of financial media customarily used. Copy will stress the connection of the company with Canada's outstanding industries, through the engraving and printing of bond and stock certificates. A. McKim Ltd. is creating and placing the advertising.

Commodity Prices

	Latest week	Previous week	Same week last yr
Cattle	$7.50	$7.00	$6.75
Hogs	9.35	8.95	9.65
Copper, lb.	.13	.13	.09¼
Cotton, lb.	.1333	.1297	.1160
Rubber, lb.	.2106	.2065	.1506
Sugar, raw, lb.	.0381	.0381	.0335
Silk, lb.	2.22	2.26	1.85
Wheat (Man.) bu.	1.21	1.22½	.84¼
Coffee, lb.	.09¼	.09⅛	.07
Hides	.14	.14½	.11
Weekly Indices			
N. Y. Annalist	138.2	138.1	128.6
Fishers'	90.4	90.2	84.0
N. Y. Journal of Comm.	87.2	86.6	79.9
Crumps (Brit.)	78.9	79.0	68.4
U. S. Labor	85.7	85.2	80.2
Canada (D.B.S.)	81.4	81.9	72.9

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (Dec.)	81.8	81.7	80.5
W'sale (Dec.)	79.7	77.2	72.5
U. S. Labor (Nov.)	82.4	81.5	80.6
Gt. Brit. (Nov.)	86.1	85.5	79.9

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1929=100 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price. Toronto: Copper-electrolytic, New York: Silk—Japanese, 13-15, New York: Sugar — 96 degrees centrifugal c/f New York: Wheat—No. 1 Man. North Ft. W.-Pt. A. basis: Hides—No. 1 packer light native cows: Hogs—select bacons, Toronto.

EXPRESS CO. "G. M."

J. E. Coulter, whose appointment as general manager, Canadian Pacific Express Co. has been announced by T. E. McDonnell, president of the company.

Canadian Exports to U.S. Go Far to Exhaust Quotas

Summary figures of the extent to which Canada used quota allowances of the Canada-U. S. trade agreement are contained in the current issue of Commercial Intelligence Journal. The only quotas to be completely exhausted were those on calves, seed potatoes and cattle. In each case subsequent shipments to the United States had to be made at the original duty.

The exact standing of the individual quotas in November was as follows:

	Total of Quota	Duty Reduction	Amount of Quota Used	Percentage of Total Quota Used by Canada
Cattle (700 lb. or more)	155,799	3 to 2 cents per lb.	Exhausted Nov. 30	86.4%
Calves (less than 175 lb.)	51,933	2½ to 1½ cents per lb.	Exhausted in August	100.0%
Dairy cows	20,000	50 per cent	5,780 to Nov. 28	28.9%
Cream	1,500,000 gals.	56-6/10 to 35 cents per gal.	24,635 gals. to Oct. 31	1.64%
Seed potatoes	750,000 bus.	75 to 60 cents per 100 lb. Dec. 1 to end of February Mar. 1 to Nov. 30	Exhausted Nov. 30	100.0%

Want Cheap D. H. A. Money To Stimulate New Building

From Our Own Correspondent

MONTREAL. — Members of the Union of Canadian Municipalities do not think much of the Dominion Housing Act and a memorandum is being prepared for submission to Ottawa suggesting the Canadian Government furnish second mortgage money at low rates of interest in order to stimulate the lagging building trades and put slum clearance on its feet.

The scheme under discussion makes provision for the following:

The Federal Government to provide 25% of appraisal on second mortgage and loan money at 3%, with 1% amortization on a 40-year basis.

Private companies to furnish 60% first mortgage at 5% or 5½%.

Owners to provide 15%.

This would be for new housing. Proponents of the idea hope it would open the way to $100 millions worth of new building in Canada in 18 months and cost of the Federal treasury advances would be $25 millions in second mortgage money. Credit would be available only to selected risks, and to special categories of construction.

In this connection it is held that cheap second mortgage money would make possible workers' dwellings which could be rented profitably at $12 a month.

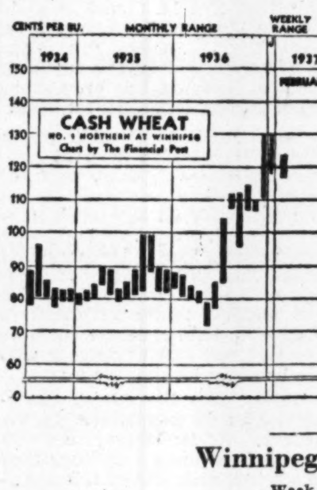
For slum clearance, adaptation would be made of principles that have been successfully applied in Belgium.

Instead of 3% second mortgage money advanced by the Federal Government, the rate would be 1½%. This is the only difference and the other features of the new housing proposition would apply also to slums.

Advantages of this idea for clearing slums are said to be:

Demolition of old buildings and replacement by modern dwellings would be possible because of the cheapness of 25% of the cash required.

Wheat Prices



(Cash Quotations)

	For Week Feb. 2 High	Low	Prev. Week High	Low
1 Man. Hard	1.22⅝	1.19¾	1.23⅝	1.21½
1 Northern	1.22	1.18½	1.23⅜	1.21½
2 Northern	1.20⅛	1.16⅝	1.21⅝	1.19¾
3 Northern	1.17⅜	1.13⅞	1.20¾	1.16¾
4 Northern	1.11⅜	1.07⅞	1.12⅝	1.10¾
5 Wheat	1.07⅜	1.03⅞	1.08⅞	1.07
6 Wheat	1.06⅞	1.02⅞	1.07⅞	1.06
Feed Wheat	.88⅜	.84⅞	.89⅞	.88
Vancouver: Week to Feb. 1:				
1 Northern	1.22½	1.18⅝	1.23⅜	1.21¾

Competitive Export Prices: Jan. shipment.

Week to Jan. 30

	High	Low
No. 1 North. (Vanc.)	1.47¼	1.44
No. 2 North (Atlan.)†	unquoted	
No. 1 North. (Atlan.)	1.46½	1.42⅝
No. 2 North. (Vanc.)	1.43⅞	1.40⅛
West Australian (afloat)	1.35	1.30⅛
Australian	1.29⅝	1.25½
Argentine Rosafe†	1.16¼	1.11
Indian (choice Garachi)	1.32	1.31¾

†Jan.-Feb.

Winnipeg Grain Futures

Week to Feb. 2, 1937

Crop year from Aug. 1, 1936 High	Low		Open Jan. 27	High for week	Low for week	Close Feb. 2
		Wheat				
1.30¾	1.05⅝	May	1.21	1.21¾	1.17½	1.21⅜
1.26⅜	1.03¾	July	1.17¾	1.18⅜	1.14⅛	1.17⅞
1.15	1.04⅛	Oct.	1.00⅝	1.07¾	1.04⅛	1.07¼
		Oats				
.58	.42¼	May	.54¾	.55	.53¾	.54⅞
.55⅛	.43⅜	July	.52⅛	.52¼	.50⅝	.51⅞
		Barley				
.88⅞	.50⅞	May	.80¾	.81½	.78½	.80⅜
.77¼	.56¾	July	.71	.71¼	.67½	.69½
		Flax				
1.75⅞	1.60½	May	1.68	1.71¼	1.66½	1.70½
1.76	1.63¼	July	1.68	1.69⅞	1.65½	1.65½
		Rye				
1.14⅞	.62⅝	May	1.07¼	1.07⅝	1.04	1.05⅝
1.12⅛	.78¼	July	1.03	1.03⅜	.99⅝	1.01½
.92½	.83⅜	Oct.	.89⅜	.89⅜	.86½	.87¾

DIVIDEND NOTICES

The Canadian Bank of Commerce
DIVIDEND No. 200

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 28th February, 1937, and that the same will be payable at the Bank and its Branches on and after Monday, 1st March next, to shareholders of record at the close of business on the 30th January, 1937. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager.
Toronto, 22nd January, 1937.

McCOLL-FRONTENAC OIL COMPANY LIMITED

Common Stock Dividend No. 30

Notice is hereby given that a dividend of 20 cents per share, being at the rate of 80 cents per share per annum, has been declared on the no par value Common Stock of McColl-Frontenac Oil Company, Limited, for the Quarter ending February 15th, 1937, payable March 15th, 1937, to shareholders of record at the close of business on February 15th, 1937.

By Order of the Board.
FRED HUNT,
January 27th, 1937. Secretary.

Zimmerknit Company Limited

Preferred Stock Dividends Nos. 5 and 6

Notice is hereby given that Dividends of 1½% due August 1st, 1936, and February 1st, 1937, have been declared on the outstanding Preferred Stock of Zimmerknit Company Limited, payable on February 15th, 1937, to shareholders of record January 28th, 1937.

By Order of the Board,
W. S. HUNTON,
Assistant Secretary.
January 28th, 1937.

Borden's
COMMON DIVIDEND
No. 108

A quarterly dividend of forty cents (40¢) per share has been declared on the outstanding common stock of this Company, payable March 1, 1937, to stockholders of record at the close of business February 15, 1937. Checks will be mailed.

The Borden Company
E. L. NOETZEL, Treasurer

DIVIDEND NOTICES

SYLVANITE GOLD MINES, LIMITED
(No Personal Liability)

TO SHAREHOLDERS AND HOLDERS OF SHARE WARRANTS

Notice of Dividend No. 21
and
Special Dividend No. 22

NOTICE is hereby given that a regular quarterly Dividend of Five per cent. (5%) (representing five cents per share) on the outstanding Capital Stock of the Company, payable in United States funds, has been declared as Dividend No. 21; and

NOTICE IS FURTHER hereby given that a Special Dividend of Five per cent. (5%) (representing five cents per share) on the outstanding Capital Stock of the Company, payable in United States funds, has been declared as Dividend No. 22.

Such Dividends will be payable March 31st, 1937, to Shareholders of record at the close of business February 15th, 1937.

In the case of Share Warrants such Dividends will be payable on or after March 31st, 1937, in respect to the shares specified therein, upon presentation and delivery of coupons Nos 21 and 22 at:

The Canadian Bank of Commerce, Toronto, or any branch of said Bank in Canada (Yukon Territory excepted) at the Bank's current buying rate for United States funds on the date the coupon is cashed, without deduction for collection charges; or, Liberty Bank of Buffalo, Buffalo, N.Y.

The Canadian Five per cent. (5%) tax will be deducted from Dividends paid to non-residents.

By Order of the Board,
W. S. WALTON,
Secretary.
Toronto, January 28th, 1937.

MACASSA MINES
LIMITED
(No Personal Liability)
DIVIDEND NO. 8

NOTICE IS HEREBY GIVEN that a dividend of Five Cents per share on the issued capital stock of the Company will be paid on March 1st, 1937, to shareholders of record, February 13th, 1937.

The Canadian five per cent. tax will be deducted from dividends payable to non-residents of Canada.

By Order of the Board,
L. SOLIAGUE,
Secretary.
Toronto, February 1st, 1937.

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Established 1907
For thirty years we have rendered a Standardized Service to
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423 COUNTRY ELEVATORS THROUGHOUT THE WEST
101 COAL SHEDS
Our Service and Facilities Guarantee Satisfaction

N. M. PATERSON & COMPANY LTD.
Own and Operate
One Terminal Elevator in Fort William
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Total Storage Capacity 6,925,000 bus.
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Total Carrying Capacity 4,500,000 bus. per trip
Head Office: FORT WILLIAM, ONT.

FARM LAND RETURNS

THE use of true-to-type seed of a recommended variety means higher yields and better quality of grain. This in turn brings increased income to farmers and to others interested in farm lands.

As pioneers in the distribution of good seed, we have always found the old saying to be true, "As ye sow so shall ye reap."

Last year from our 342 elevators we participated in the distribution of 41,000 bushels of true-to-variety Registered and Certified seed to approximately 6,000 farmers; all of whom as a consequence unquestionably enjoyed increased money returns.

This year we plan to supply seed to a greater number of farmers than ever before. Those interested in this means of increasing returns from farm lands are requested to communicate with us, either directly or through one of our agencies.

SEARLE GRAIN COMPANY LIMITED
WINNIPEG SASKATOON CALGARY EDMONTON

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WINNIPEG - MANITOBA
We Own and Operate 130 Country Elevators in
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Week in Mining

Public Pay High Prices For Shares in Prospects

Standard of Values Out of Line With Those in Force With Senior Golds

There still appears to be plenty of buoyancy in the mining market, and the public is still, apparently, more than ready to take advantage of the sudden rises which feature the unlisted market.

With the background of optimism at present behind many of these unlisted stocks, it is difficult to argue about market valuations. Nevertheless, in the opinion of a growing number of observers, the standard of prices in vogue among the prospects is extremely difficult to justify at the present time.

The public still eagerly pounces on news, or rumors of news, regarding drill values at some prospect which is not even equipped with a mining plant, and buys stock at what would be, in a normal market, ridiculous prices.

To anyone following closely the mining news from day to day, it is apparent that there are prospects which have by conscientious drilling outlined a sizeable and worth-while ore body. In few cases do such companies release, usually by the grape vine route, reports of isolated drill holes.

Looking over the senior golds, and dividend payers, little fault can be found with the level of prices, judged by all rules of thumb.

Unfortunately the same cannot be said of many of the unlisted prospects, whose price structure is, in the opinion of competent observers, built largely on an artificial psychology.

Gold Increase Premature?

PROF. E. W. KEMMERER, eminent monetary authority of Princeton, recently pointed out that those countries which have debased their monetary units may expect to see prices rise roughly to the level of 1926, plus a further amount equivalent to the debasement of their currencies.

In the United States, this could put commodity prices to double their present level and in Canada the trend would be similar.

In short the full effect of gold revaluation has not yet been felt. With a 59 cent dollar this continent is in a position to be threatened with the pleasures and dangers of a possible great inflation.

Under such circumstances is it not premature to discuss a further artificial increase in the price of gold?

If one pours ten gallons of gasoline on a flame and the gasoline for some reason is slow to ignite, it does not follow that one should pour another five gallons on top of it. When gasoline is put on flame one can be sure it will ignite sooner or later. And the 59 cent dollar, unless its effect is sterilized by other weapons of monetary management, must ultimately produce the inflation its sponsors desired.

* * *

Dome, Noranda Eligible

IN AN article appearing in last week's issue, it was stated that shares of Noranda Mines and Dome Mines would not be eligible for the common stock section of the portfolios of life insurance companies.

It has been pointed out by investment experts of several insurance companies that this interpretation of the Insurance Act is incorrect. It is pointed out that the act states, in regard to companies whose stoc is of no par value, "If any such company or corporation has in any year paid dividends on its common stock amounting to not less than $500,000, the payments of such dividends shall be deemed to be, for the purposes of this section, equivalent to the payment of a dividend of 4% for the said year."

Under this section, it is believed, stock of both Noranda and Dome would be eligible.

* * *

Inco's New Boost

REFLECTING what are generally known to be considerably higher current earnings International Nickel Co of Canada has declared a dividend of 50 cents per share on the common stock, payable Mar. 31, to shareholders of record Mar. 1. This is an increase of 10 cents per share on the previous quarterly rate, the annual rate now being at $2 per share as compared with the previous figure of $1.60.

Total dividends distributed from 1894 to the end of 1936 by International Nickel, including predecessor companies now merged, amount to about $192 millions.

* * *

Index to Mining Stocks

FURTHER precipitate declines in the base metal issues have recently overshadowed other developments among mining issues. Prior to slight recovery on Jan. 28, when strength was apparent in nearly all types of stocks, the Dominion Bureau of Statistics base metal price index had dropped over 23 points to 316.2, within the space of a fortnight. Gold stocks remained firm throughout this period, although showing a weak tendency Jan. 28, when prices in nearly all other sections were advancing. Weekly average indexes for golds stiffened from 139.6 to 139.8 between the third and fourth weeks of January, while the base metal series dropped from 337.6 to 321.8. Trading interest in the senior mining issues has revived somewhat recently at the expense of the more speculative groups which had been dominant earlier in the month.

News Concentrates

DeSantis Porcupine Mines — announces that C. J. G. McCracken has been appointed engineer in charge of underground work. The property is about 3½ miles south of Timmins. The three-compartment shaft has been completed to 450 ft. and work is being extended on the 325- and 450-ft. levels.

* * *

Don Martic Gold Mines — reports that on the Sturgeon River property, the first of a series of deep drill holes now in progress cut five feet of base matter at 220 feet. This vein on the surface showed a width of only 14 inches. Surface development is under way at the company's property adjoining Sladen Malartic in the Malartic district of Quebec preparatory to diamond drilling in the spring.

* * *

Doreva Gold Mines—Developing a property in Bousquet Township, Quebec, reports that sinking the pit to 40-ft. depth on the principal showing has resulted in finding visible gold at frequent intervals for a vein width of 14 ft. Sinking of a prospect shaft is now being pushed to 100 ft.

* * *

Glenora Gold Mines—Lawrence B. Wright, consulting engineer, reports that the last 45 ft. drifted on the 150-ft. level averages $11.03 across an average width of 42 inches. Prior to encountering this shoot, a low-grade zone was drifted through, before which a 25-ft. length of $6.60 grade having an average width of 4.4 ft. was encountered. The company is negotiating with the adjoining Toburn to permit drifting through a wedge-shaped corner of their ground and back into Glenora ground on the main vein system.

* * *

Kirgood Gold Mines — has authorized a diamond drilling programme recommended by and under the direction of Mining Research Corp. The property is adjacent to the north of Bidgood Kirkland.

* * *

MacFarlane Long Lac—has started a $10,000 exploratory campaign supplementing the diamond drilling completed a few months ago on its property in the Little Long Lac area, Frank J. MacFarlane, president of the company states.

* * *

Selby Lake Mines — has been organized to develop claims near the Big Master mine in the Manitou area, Kenora division. Surface work was carried out last summer together with diamond drilling which confirmed results as secured on surface. Plans are proceeding to sink a shaft 200 ft. after which two levels will be opened. The necessary plant is now being installed.

* * *

Silver Valley Mines—is developing its property in the Gowganda area according to Daniel O'Gorman, president in charge of operations. New drilling equipment has been added to enable further exploration. The company is also active on its property in southeastern Ontario.

* * *

Siscoe Extension Gold Mines—which acquired the assets of Stanley Siscoe Extension Gold Mines has changed its name to Six-Ex Holdings. This company is attempting to develop property adjoining Siscoe Gold Mines.

* * *

True Fissure Mines — have acquired an option on a partly developed property in LaReine Township, five miles south of Dupuy Station on the C.N.R. in Quebec. Former owners have spent about $125,000 on the property, it is claimed. Two shafts about 900 ft. apart have been sunk on the property, one to a depth of 110 ft. and another to a depth of 175 ft. The property will now be diamond drilled.

* * *

Williamson Mines — is preparing for exploration and development at its property in the Porcupine gold area.

* * *

Nugold Mining Corp. — reports milling has started at the blockhouse —Dome Mines, in Lunenburg County, N. S. This is in the nature of a 20-25-ton pilot mill operating 24 hours a day. Work done to date has resulted in over $600,000 of broken and blocked out ore being developed, according to William Sanderson, president.

* * *

Que-On Mines—advises that the new head office of the company and its associate company will be at 506 Federal Bldg., 85 Richmond St. W., Toronto.

Perron Gold Gets Favorable Results

MONTREAL.—Underground work at the Perron Gold Mine property during the first half of January was confined to raising, stope preparation and stoping, according to a report issued by J. P. Norrie, general manager.

His report goes on to say: "334 raise was advanced to 175-ft. level on three feet of well mineralized quartz, being the downward extension of 198 vein. The vein is exposed for 24.8 feet in the raise of $7 grade ore.

"Raise 358-1 was advanced 64 feet on five feet of well mineralized quartz, and granodiorite assaying $6.90 a ton. This is the downward extension of the 190 vein.

"All stopes in the mines stood up well during the period, particularly the 212 and 378 stops. The former produced 2,120 cars of $12.25 grade and the latter 1,191 cars of $6.90. A total of 4,736 tons of ore went to the mill assaying $10.25 a ton. Gold bars numbers 45 and 44 were shipped to the mint worth in excess of $47,000."

Earnings Up For Home Oil Report Shows

Gives Details of Oil Holdings in Alberta Fields

WORKING CAPITAL UP

A definitely improved all round position, including improvement in earnings per share, is reflected in the annual report of Home Oil Co. for the fiscal year ended Dec. 31, 1936, in which period the company earned 2.5 cents per share against 1.8 cent per share earned in 1935.

The report details the company's policy in again becoming interested in oil development in Alberta. It will be recalled that in 1934, Home Oil turned all its petroleum and natural gas properties in Turner Valley over to Royalite Oil Co. for a substantial stock interest.

The company has now acquired the following holdings:

Alberta Holdings

(a) 8,521 acres on the west flank and in the north of Turner Valley in Alberta, consisting of 7,500 acres in one block secured by leases from the C. P. R. and the Government of Alberta, and 1,021 acres of Government leases covering a total of 3½ square miles.

(b) A one-half interest in the Brazeau Development Co. Ltd., which owns permits covering approximately 64,500 acres on the Brazeau structure in Alberta.

(c) A permit on 4,000 acres near the international boundary, about six miles west of the Red Coulee field.

(d) 50,000 shares in the Sunshine Oils Ltd., which is at present drilling in the southern part of Alberta.

(e) Three 1% royalties in the Sovereign Royalties Ltd., a producing well in the southern part of Turner Valley, Alberta.

Other Holdings

Of its holdings in mining companies, Pacific Eastern Gold, and Placer Engineers, the report is encouraging. Home Oil is the largest shareholder in both these companies.

Holdings of Home Oil other than oil acreages and drilling equipment as at Dec. 31, 1936, were as follows:

Holdings as of Dec. 31, 1936

Dom. of Can. bonds, 4% 1952		$50,000
Dom. of Can. bonds, 3½%, 1949		$50,000
Dom. of Can. bonds, 3%, 1955		$25,000
Bralorne Mines Ltd.	shs.	2,000
Pioneer Gold M. of B. C. Ltd.	shs.	4,700
Royalite Oil Co. Ltd.	shs.	20,000
Pacific Eastern Gold Ltd.	shs.	440,000
Placer Engineers Ltd.	shs.	100,000
Sovereign Royalties Ltd.	rlts.	3-1%
Sunshine Oil Co. Ltd.	shs.	50,000
Brazeau Devel. Co. Ltd.	shs.	8,000
Cash		$40,841

Current assets as at Dec. 31, 1936, amounted to $43,299, against current liabilities $6,295, leaving working capital of $37,004, compared with working capital of $33,462 at the end of 1935.

Income and Surplus Account
Years Ended Dec. 31

	1936 $	1935 $
Total sales	......	645
Add: Divds. & int. from invests.	41,137	40,994
Miscel. profits	......	4,447
Net earnings	41,137	46,086
Less: Exec. officers' salary	1,275	6,300
Legal fees & exps.	150	2,880
Directors' fees	1,950	750
Miscel. expenses	5,653	4,657
Loss on sale of mats.	......	3,221
Deprec. of plant and equipment	7,591	7,614
Prov. for inc. taxes	2,500	5,010
Net profit	22,018	15,654
Add: Previous surplus	15,956	302
Balance car. forward	37,974	15,956
Earnings per Share:		
Earned	$0.025	$0.018
None paid.		
Shares Outstanding:		
Common	880,000	800,000

North Patricia Is Active Field

Seven Companies at Work Near Manitoba Border

From Our Own Correspondent

KENORA.—Far north in Patricia, near the western extremity of Ontario, mining development is being carried forward at points around which three new mining camps are growing, namely at Spirit Lake, Favorable Lake and Sachigo River-Mink (Stull) Lake. A total of seven companies are now active in these areas, of which two are in the advanced stages of shaft-sinking, while others are diamond drilling or proceeding with surface exploration.

Spirit Lake Gold Mines is the sole operator at Spirit Lake at the present time, while, at Favorable Lake, Berens River Mines (controlled subsidiary of Newmont Mining Corp.) and Wintricia Gold Mines are active. Sachigo River Exploration, Mink Lake Gold Mining Syndicate, Dickson-Sachigo Gold Mines and Island Prospectors Syndicate are the companies active in the Sachigo River-Mink Lake sector.

Sachigo River Exploration Co. has commenced sinking by hand-steel on the way to 300 ft. Transporting of a steam-Diesel plant is proceeding from Ilford, on the Hudson Bay Railway in Manitoba and expectations are that delivery will be completed and installation made so that the shaft can be carried forward by power commencing early in March. The company is assured of $400,000 to carry forward the underground campaign which, if successful in confirming diamond drill results, will pave the way for installation of a 50-ton mill next winter.

Mink Lake on Surface

Mink Lake Gold Mining Syndicate, about 20 miles west of Sachigo River, is active, with work being centred around surface exploration, with diamond drilling to follow. Dickson-Sachigo Gold Mines has just been organized to develop the D. J. Dickson group of claims near Sachigo Rver Exploration. Options being taken up by a Toronto underwriter supply $25,000 to finance surface exploration that is to be started immediately. Island Prospectors Syndicate, adjoining Sachigo River Exploration, is to drill. Sachigo River Exploration plans to diamond drill on its No. 2 property which lies 15 miles south of the main group.

Much other activity is promised for this year as soon as spring arrives. A staking rush this winter has spread out for miles surrounding the Sachigo River Exploration property and preliminary plans are already being made for several groups to be active when snow leaves the ground.

Mining Leaders Endorse Campaign to Rid Canada Of Mining Racketeering

(Continued from page 1)

adians, was typically forthright in his condemnation of the type of salesman against whom the industry is up in arms.

"John Godfrey and the Commission have done good work in the past in cleaning out the highbinders, and doubtless welcome any constructive work along the same line by other agencies.

"The north needs all the money it can get for legitimate mining development, and the high-pressure stock salesman is not going to put any money in the north. He has, therefore no place in mining. The sooner we get him out of the country, the better for all concerned."

Keep on the Good Work

Dr. J. B. Tyrrell, outstanding Canadian geologist, who has brought Kirkland Lake Gold Mining Co. to production and the dividend paying class, stated that any action which would help to rid the mining industry of the crooked promoter would be welcomed by the real leaders of the industry.

"The trouble is that these men make their living by getting money from people who have not the slightest idea what they are buying. Certainly mining in its early stages is speculative, but even in this stage, mining does not depend on the hard earned money of servant girls and people who are not in a position to know what it is all about.

"While I sometimes think that the so-called charitable organizations have enlisted the services of all the high-pressure salesmen, there is undoubtedly an abundant supply in the mining promotion business.

"Your paper has done good work in the past in keeping these men out of the business, and I hope it keeps on the good work."

Profiteering in Raw Mines

Ray T. Birks, K.C., president of Howey Gold Mines, a mine whose profit making record on some of the lowest grade ore in Canada is a monument to efficient methods, stated that the problem of the share-pushing salesman was one that the industry would have to face sooner or later.

"I have spoken on the subject of mining in almost every city in this province, and everywhere I have met the same public reaction; 'We agree with you that mining is one of the greatest industries in Canada, but how can we participate and know that our money is being spent on sound development?'

"The difficulty is that the mining properties are too far removed from the investing public, and the gap between the two gives the dishonest salesman a great opportunity to get in his work.

"As an example, there has been altogether too much profiteering on drill hole results in the past. In my opinion the prices being paid for sound producing mines and dividend payers is on the whole logical and sane. But the standard of prices being paid for some raw prospects, with no plant or equipment, on the strength of a few drill holes is absurd.

"Honest mining men and brokers are 100% behind any move to keep the crooks out of the business. Only by doing so can the full benefits of this tremendously important industry be felt in Canada."

Keep House in Order

Cyril W. Knight, Canadian geologist of wide experience, and president of Cyril W. Knight Prospecting Co. added his approval of any effort aimed at keeping the promotional end of mining on an honest basis.

"Any method of aiding the mining industry to keep its promotional house in order must, of course, receive the spontaneous endorsation of all legitimate mining men and groups. By legitimate mining men, I mean those men, of which Canada has a goodly number, who actually have made and are making mines in Canada's northland. This, of course, includes those groups and companies who are honestly looking for mines.

"Every year the mining industry grows in importance in the national picture, therefore every year it is of increasing importance to see that direction of this industry is in responsible hands.

"It seems unnecessarily fatalistic to assume that we will always have the crooked promoter with us. Certainly mining, in its early stages, is speculative but speculation and dishonesty are too entirely different things."

Current Chatter From Manitoba

From Our Own Correspondent

WINNIPEG.—With some interesting samples from Reed Lake, John Waldron, D.L.S., of The Pas and a director of the Reed Lake Mines, arrived in Winnipeg a day or two ago. The samples came from the company's property where for some time a small crew of men has been engaged in clearing off overburden and trenching on one of the main breaks. The company intends to diamond drill and anticipates being able to take in the necessary equipment over the winter roads. The property is reached from mile 55 on the Hudson Bay line, the 25 mile trail following the old route to Sherrit Gordon, before the building of a railway.

Reed Lake shows three main veins, apparently close together at the shores of Reed Lake and widening out to the north. The recent trenching 7 ft. deep was done at a point where two of the veins come together as one. The trench gave an ore body 8 ft. wide and a channel sample at the bottom of the trench with visible gold eliminated as far as possible returned an assay of 2.34 ounces to the ton. Further stripping and trenching is being done in an effort to ascertain as closely as possible for what distance the two veins lie together. Mr. Waldron believes it will be at least between 200 and 300 ft.

N.B. Wants War On Swindlers

From Our Own Correspondent

SAINT JOHN, N.B. — New Brunswick will seek co-operation of Quebec and Ontario authorities in moving against swindlers who have, operating by telephone from Toronto and Montreal, unloaded large batches of worthless stock here, mostly in rural districts.

At a meeting of the Board of Public Utilities in Saint John, G. Earle Logan, secretary, was authorized to contact Quebec and Ontario frauds prevention officials in an effort to secure their help.

Changes Made In Inco Board

Stanley Elected Chairman of the Board to Succeed Late C. Hayden

Robert C. Stanley of New York, president of The International Nickel Co. of Canada, Ltd., has been elected chairman of the company's board of directors. Mr. Stanley succeeds Charles Hayden who died recently. He will continue as president of the company. Donald MacAskill of Copper Cliff, vice-president of the company and general manager in charge of Canadian operations, was elected a director.

R. S. McLaughlin of Oshawa, Ont., a director since 1933 and Britton Osler, K.C. of Toronto, a director since 1922, were elected members of the executive committee.

Dr. John F. Thompson, of New Canaan, Conn., executive vice-president and director, was made a member of the advisory committee.

Kenecho Plans to Open Old Standard Workings

From Our Own Correspondent

KENORA.—One ton of supplies and equipment has been flown into the property of Kenecho Gold Mines, 25 miles southwest of here, with a view to commencing immediately with opening up old workings in the mine, according to Charles Young, managing director. The men who have been engaged in surface exploration have been put to work to dewater the shaft with buckets, then retimber to the bottom which is about 60 ft. from surface, then carry out a systematic sampling programme. The shaft was sunk about 40 years ago when the property was known as the Standard Mine.

Diamond drilling is continuing under the direction of Henry Norrington. No. 3 hole is going down to cut the main No. 1, 2 and 3 veins. The first two holes were driven under the lake to get an indication of geological conditions surrounding the property. When the fourth hole is completed the present contract of 2,000 ft. will be complete, but the company plans to extend the contract.

Power Lines Through To Osoyoss Property

Allowing for more aggressive underground development and eventually increased production, power transmission line, some 11 miles in length, has been completed by the West Kootenay Power Co. into the property of Osoyoos Mines, in the Osoyoos division of B. C. The transmission line is reported to have cost Kootenay Power Co. some $30,000.

Osoyoos Mines started production some months ago, and has been treating some 40 tons of ore daily, under Diesel power. The company reports ample finances with about 1.3 million shares outstanding.

Development of this property has been financed privately for over two years by a group of western businessmen, headed by John I. McFarland, president of the company.

Gurney Gold Extends Limit of Ore Zone

Believed to prove the continuation of ore beyond a dyke previously considered as possibly delimiting the ore zone to the northeast, Gurney Gold Mines reports that eight feet of vein material and mineralized silicified greenstone has been cut in a drill hole at 280 ft. vertical depth 650 ft. northeast of the shaft.

Mining Dividends

	Rate	Close Feb. 1	Yield %
Anglo-Huronian	20c	7.50	..
Beattie Gold	†5c	1.52	..
Bralorne	40c+15c	8.70	..
Buff. Ankerite	50c	11.87	4.2
Bulolo Gold	‡1.40	28.75	..
Cariboo	10c	1.75	5.7
Central Patricia	†4c	5.10	..
Coniagas	12½c	3.30	..
Cons. Smelters	$1+$1	76.50	..
Dome Mines	$2+$2	50.50	•7.9
Falconbridge	30c	10.50	2.8
Hollinger	65c+45c	15.37	•7.1
Howey Gold	2c	.63	..
Hudson Bay	$1	33.75	..
Island Mountain	‡10c	1.10	..
Int. Coal & Coke	‡1c	.22	..
Inter. Nickel, c.	$2	63.25	3.2
Inter. Mining	45c	16.37	..
Kerr Lake	5c	.55	..
Kirk. Lake	‡3c	1.20	..
Lake Shore	$5	56.25	8.9
Lava Cap M.	4c+1c	.85	..
Little L. Lac	30c	8.15	..
Macassa	15c	8.00	..
McIntyre	$2	39.00	5.1
McKenzie R. Lake	6+1c	1.92	..
McKinley Sec.	2½c	.65	..
McWatters Gold	†5c	.90	..
Nipissing	50c	3.45	..
Nor. Can. Mining	2c	.76	..
Noranda	$3	74.50	4
Pickle Crow	20c	9.20	2.2
Premier	12c+4c	4.05	•4
Pioneer, B.C.	80c	6.50	12.3
Reno	12c	1.23	9.7
San Antonio	14c	2.25	..
Sheep Creek	8c	.66	12.1
Siscoe	20c	5.95	3.4
Sudbury Basin	10c	5.90	..
Sylvanite	20+5c	4.70	4.2
Teck-Hughes	40c+5c	5.95	•7.6
Toburn	8c	4.15	1.9
Ventures	2½c+2½c	2.93	..
Wright-Har.	40c+15c	8.00	•6.9
Ymir Yankee Girl	5c	.47	..

‡Interim. †Initial.
*Yield includes bonus.
•Includes 10c. interim paid Feb. 1.

Uchi Lake Off To Good Start Drilling Shows

Ore Length of 1,300 ft. Indicated — South End Open

$2.37 to $41.65 VALUES

Diamond drilling on the property of Uchi Gold Mines, the recent over-subscription of whose stock recently caused a flurry in mining circles, has indicated a zone approximately 1,300 ft. long. Out of 17 drill holes completed, all but one or two showed commercial values.

Uchi Gold Mines is a promotion of John E. Hammell, the stock, it is understood, being largely held by the Hammell interests through Harker Gold Mines, and Val d'Or Mineral holdings. The property is about 43 miles northeast of Ear Falls at the head of Lac Seul in the Patricia district.

According to the completed results of the drilling, carried out last fall, one hole showed values of $12.75 over an angle width of 123 ft. Other values range from $2.37 per ton to $41.65.

The drilling covers a zone of some 1,300 ft. in length, the south end still being open.

Due to the topography of the ground, and the unknown limits of the ore zone to the south, which is still being drilled, it has been decided to deepen the present shaft to 600 ft. and establish four levels at 150-ft. intervals. Approximately 1,500 ft. of drifting will be done on each of these levels, and the ore body outlined by flat vertical drilling.

It is hoped this work will, by early fall, give sufficient information to form the basis of a mill decision. A four-compartment shaft will then be sunk, and at the same time, the mill construction will be carried out.

Uchi Gold Mines is capitalized at three million shares, $1 par value. Of this amount 1.5 million shares have been issued for the property and pooled. An additional 750,000 shares have been underwritten at 50 cents a share, leaving a net of 750,000 shares in the treasury.

President of the company is John E. Hammell. A. L. Smith is vice-president, and Robert Fennell, K.C., secretary-treasurer. Directors include E. Hammell and B. H. Budgeon. Operations are under the joint supervision of A. G. Hattie, manager of Pickle Crow Gold Mines, and B. H. Budgeon, director of mines for the Hammell organization.

Powell Rouyn To Use Power

New Vertical Shaft Now Down 20 ft. With 1,500-ft. Objective

Powell Rouyn Gold Mines, adjoining Noranda on the north and west, reports that the new main three-compartment shaft is down some 20 ft. preliminary to further sinking with electrically driven equipment to a primary objective of 1,500 ft. Change to electricity is now under way.

The new vertical shaft is some 400 ft. north of the incline shaft from which present underground mining is being conducted. Drifting on the vein for a total of about 400 ft. is considered to be of ore grade estimated at from $7 to $8 per ton.

Concurrently with the work on the Powell gold vein, officials are considering examining the copper discovery which in previous drilling to a depth of some 150 ft. indicated an ore body 350 ft. long for an average width of 4.1 ft., representing 18,000 tons running 7.88% copper, and 4.5% silver.

The company reports having $100,000 in the treasury to date.

Increase Power Source At Eldorado Gold Mines

Eldorado Gold Mines, operating a radium-silver property at Great Bear Lake, North West Territories have placed orders for additional equipment which, when installed, will increase the available power for mining development and milling operations by 20%, according to E. J. Wallie, mine manager.

The new equipment which supplements that brought in last summer, consists of a 307-h.p. Diesel-electric unit.

At the present time the company is driving to open the No. 1 vein on the 590-ft. level. Drifting has started on that level, Mr. Wallie states and is now about 100 ft. from the shaft. While there is roughly about 300 ft. to go, development has already shown ore, he stated. With present equipment progress at the rate of 150 ft. a month can be made.

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OPTIONS

In accordance with listing regulations, the Toronto Stock Exchange has been advised regarding options and underwritings upon treasury shares of the following companies:

Lamaque Contact—Has received a total of $36,750 under agreement dated June 10 and balance of the underwriting and entire option has been cancelled by mutual consent with approval of the Ontario securities commissioner. Agreement originally covered an underwriting of 800,000 shares at 10¾ cents per share and an option on 500,000 shares at 40 cents.

Naybob—An additional 65,460 shares have been taken at 35 cents per share, balance of the Mar. 10 installment and 51,460 shares of the Apr. 10 installment under agreement Nov. 5, 1936.

Olga—A block of 100,000 shares has been underwritten at seven cents per share and 39,000 shares at eight cents. Options have been given on 100,000 shares at 10 cents for six months and 150,000 at the same price for six months. Options are contingent on a certain lease in the Texas oil fields being obtained for the company.

Paymaster—By agreement dated Jan. 18, 25,000 shares were underwritten at $1.21 and options granted as follows: 100,000 shares at $1.26 by March 1; 50,000 at $1.31 by May 1 and 25,000 at $1.36 by July 1.

Federal Kirkland — A block of 50,000 shares has been taken up at 25 cents per share under option agreement Dec. 2, 1936. This is a part of the 100,000 share installment at 25 cents due by June 3.

Astoria Rouyn Mines — An additional 200,000 shares have been taken up at 8½ cents per share under agreement dated Nov. 30, bringing total issued capital to 3,956,106 shares. Balance of option comprises 400,000 shares at 10 cents and 200,000 shares at 13 cents per share.

Federal Kirkland—Payment has been received for 25,000 shares at 30 cents per share, part of the 100,000 shares due by Sept. 3, 1937, under option agreement dated Dec. 2, 1936. Total issued capital is now 3,490,508 shares.

Pacalta Oils Ltd.—Payment has been received for 100,000 shares at 15 cents per share, part of the 200,000 share block at 15 cents due by Jan. 17, 1937. An extension of 30 days has been granted on the balance of the option, comprising 100,000 shares at 15 cents per share and 200,000 shares at 20 cents per share by Feb. 17, 1937. Total issued capital is now 1,388,840 shares.

Gold Belt Mining—An additional 37,500 shares at 20 cents per share have been taken up under agreement Apr. 1, 1935, bringing total issued capital to 1,837,500 shares. Balance of option comprises 162,500 shares at 20 cents.

Grull-Wihksne Gold Mines — Payment due Jan. 13 under agreement Sept. 2, covering 200,000 shares at 12 cents per share has been extended to Mar. 13.

Tashota Goldfields—Approximately 735,348 shares were subscribed for at 15 cents per share by Jan. 15 in connection with the rights offered to shareholders of record Dec. 16, 1936. This brings total issued capital to 3,998,696 shares.

Big Missouri—Payment has been received for 25,000 shares at 50 cents per share under agreement Dec. 9, 1935, bringing total issued capital to 3,849,367 shares. Balance of option comprises 1,150,633 shares at 50 cents.

Astoria Rouyn—Under agreement dated Nov. 30 an additional 300,000 shares have been taken up at 10 cents per share, bringing total issued capital to 4,256,106 shares. Balance of option comprises 100,000 at 10 cents and 200,000 shares at 13 cents.

Sladen Malartic—An additional 103,000 shares of donated stock have been taken up at 65 cents per share under agreement Nov. 5, 1935. Balance of option comprises 100,000 shares at 65 cents.

Stock Offering Made By Kermac Petroleums

An offering of Kermac Petroleums controlling 160 acres on the west flank of Turner Valley, is currently being made, original offering price being 25 cents per share.

Kermac Petroleums has an authorized capitalization of two million shares, par value 50 cents. President of the company is J. E. Goldring, of Victoria, B.C. Other directors include C. E. Wilson, vice-president, A. T. Goward, R. H. Pooley, A. McDermott, J. Kerr, all of Victoria, B. C. and W. S. Applegate, oil operator of Calgary, Alta.

Of the issued stock, 650,000 shares are in escrow.

Preston East Dome Gets $50,000 on Stock Sale

From Our Own Correspondent

MONTREAL.—Preston East Dome Mines announce the sale of 100,000 shares at 50 cents a share under terms of the option agreement. This leaves 316,000 shares under option, 266,000 shares at 50 cents and 50,000 shares at $1.75 a share.

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FIVE PROPERTIES OF MERIT IN A PROVEN GOLD AREA

PICKLE CROW—Important developments during next three months, according to an official statement, include cutting of ore on three new levels, increasing mill rate to 250 tons a day and increasing dividend rate to at least 40 cents a share.

WINOGA—Immediately adjoining Pickle Crow for one mile on the east and for five-eighths of a mile on line of strike of Pickle Crow's main vein. High values shown in diamond drilling.

KAW CROW—Adjoining both Pickle Crow and Winoga. An exceptionally large property totalling 2,280 acres. Active exploration campaign by diamond drills now going on. Fully financed for a year's work.

GATEWAY—A property of 1,080 acres, adjoining Central Patricia on the west. Ample cash in the treasury for 1937 campaign. Diamond drills now working on the property.

PICKWICK—first offering of shares oversubscribed. First two out of four drill holes showed good gold values. One mile north of Pickle Crow and mile west of Albany River.

SEND FOR LARGE MAP SHOWING THESE PROPERTIES

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Kenora Faces Lack of Power Residents Say

Civic Bodies Plan Appeal to Authorities to Remedy Situation

ROADS NEEDED

From Our Own Correspondent

KENORA, Ont.—What is viewed locally as a serious shortage of power faces Red Lake and Kenora districts. Linked with a growing demand for power, is the problem of transportation.

Such a project as a railway or highway is becoming a necessity, the Board of Trade and other civic bodies claim and during the present year, expect to have the matter taken up with proper authorities.

Red Lake is exactly 92 miles from Kenora, on the C. P. R., or 77 miles from Redditt on the C. N. R. Redditt is the closest railhead point while another outlet is possible through Manitoba by building from Slave Falls which is 93 miles southwest of Red Lake.

The agitation in Kenora is based upon four main issues—necessity of getting power, the requiring of new pulp supplies, the opening up of mining and the tapping of a rich agricultural country. Kenora is facing one of its most difficult winters due to the shortage of power which made it necessary for the local pulp mill, which employs 500 men in town and 800 in the bush, to send orders to other plants and shut down to half time here, although sufficient business was assured to keep going at capacity all winter.

Adequate power to serve the entire district for years to come can be developed at Kettle Falls, 36 miles north of here on the proposed route to Red Lake. This site can develop 40,000 h.p. 12 months of the year it is estimated. The site is ideal in every respect, according to findings of a special committee of the Kenora Board of Trade, and to develop it, some transportation route must be built.

For the past 50 years there has been a steady drain on the supplies of timber in the territory surrounding Lake of the Woods to supply local lumber and pulp industries so that at the present time, there is only about another year's reserve. After that a new supply must be found.

A concession has already been granted to Kenora Paper Mills to get pulpwood from the forests between here and the English River, which is a little less than half way to Red Lake.

An Announcement:

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TFP

Young B.C. Financier Is New Exchange Head

Frank Hall Starts Term of Office by Revealing Workings of Exchange to Public

From Our Own Correspondent

VANCOUVER.—Activity on the Vancouver Stock Exchange during the past week has been reminiscent of the boom of 1928 and 1929, with the daily turnover of shares exceeding one million and sales representing from $250,000 to $325,000 a day.

FRANK HALL

But in spite of the tremendous activity and the increasing number of mining companies seeking public support, the market in British Columbia is generally regarded as being "cleaner" than in the boom years, with a much closer check being applied to promoters who, without restriction, might feel tempted to launch into some of the fantastic financing that left a bad taste in the mouths of many who "took a flyer" in the pre-depression bull market.

Father's Footsteps

The man on whose shoulders devolves major responsibility for keeping the exchange brokers in line is Frank E. Hall, one of the youngest members of the coast's financial community who in half a dozen years has made himself one of the city's most aggressive and popular business leaders. Frank Hall is the newly elected president of the Vancouver Stock Exchange, and it may be significant of his policy that on the day following his election he initiated measures which would give the public a clearer conception of the inside workings of the exchange.

When his father, E. E. Hall, came west from the prairies to establish himself in business here world markets were headed for the debacle. In 1929, just a few months before the boom collapsed, Mr. Hall built a 10-story building opposite the new Stock Exchange Building. Lean years followed, but when Frank Hall, then 34, came to the coast he built solidly on the foundations created by his father, with the result that today the business is one of the largest and most active in Vancouver.

Is ex-Winnipegger

Born in Hartley, Iowa, Frank Hall considers himself an ex-Winnipegger, because he went there as a boy and attended school in that city, while his father was establishing private banks in Saskatchewan and establishing the Central Grain Co.

Before following his father to the coast Frank Hall was assistant secretary of the Western Grain Co. and joint manager with his brother, C. I. Hall, of the Central Grain Co. He became vice-president of Hall & Co. and soon afterward took over the brokerage business of that firm, forming the present firm of Hall, Holland & Co., of which he became president, in partnership with Morley Holland.

Mr. Holland has taken active interest in community affairs. He was chosen chairman of the mining section of the Vancouver Board of Trade a few days ago. He is vice-president of the Gyro Club and a member of the council of the Vancouver Welfare Federation. Golf and squash are his favored forms of recreation.

New Mining Companies

Alces Lake Mining—Sask. incorp. Jan. 4, 1937. H.O. Regina. Author. cap $3,000,000, par $1.

Atlas Smelting and Refining—B. C. incorp. Jan. 15, 1937. H.O 211 Inns of Court. 678 Howe St., Vancouver. Author. cap. $20,000 par $1.

Ausina Gold Mines—Ont. incorp. Jan. 4, 1937. H.O. Dryden, Ont. Author. cap. $3,000,000, par $1.

Bayside Malartic Mines — Que. incorp. Dec. 23, 1936. H.O. Montreal. Author cap. $3,000,000, par $1.

Bearpaw Lake Goudreau Mines—Ont. incorp. Jan. 5, 1937. H.O. Toronto. Author. cap. $3,000,000, par $1.

Bexhill Gold Mines—Ont. incorp. Jan. 7, 1937. H.O. Toronto. Author. cap. $3,000,000, par $1.

Bourlamaque Gold Ventures—Que. incorp. Jan. 8, 1937. H.O. Montreal. Author. cap. $45,000, divided into 2,250 shares of $20 each.

Brunswick Gold and Exploration—Ont incorp Dec. 29, 1936. H.O. Toronto. Author. cap. $40,000, divided into 400 shares of $100 each.

Cadillac Goldfields—Que. incorp. Jan. 8, 1937. H.O. Montreal. Author. cap. $3,000 000, par $1.

Central Louvicourt Gold Mines — Que incorp. Dec. 29, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Continental Explorations—Que. incorp Dec. 31, 1936. H.O. Montreal. Author cap. $45,000, par $1.

Coronation Gold Mines — Que. incorp Dec. 23, 1936 H.O. Montreal. Author cap. $20,000, par $1.

Dickson-Sachigo Gold Mines—Ont. incorp. Jan 13, 1937. H.O. Toronto. Author. cap. 3,000,000 shares, no par value.

Duart Mines—Ont. incorp. Jan. 5, 1937. H.O. Toronto. Author. cap. $3,000,000 par $1.

Fondulac Mining Corp. — Ont. incorp Jan. 9, 1937. H.O. Toronto. Author. cap. $5,000,000, par $1.

Ford Cadillac Gold Mines—Que. incorp Dec. 23, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Gdynia Gold Syndicate — Que. incorp Jan. 4, 1937. H.O. Amos, P.Q. Author. cap. $30,000, in 3,000 shares of $10 each.

Karas Gold Mines—Ont. incorp. Jan. 6, 1937 H.O. Toronto. Author. cap. $3,000,000, par $1.

Kayorum Gold Mines—Ont. incorp. Jan. 4, 1937. H.O. Timmins, Ont. Author. cap $5,000,000, par $1.

Knutson Mining — Ont. incorp. Jan. 4, 1937. H.O. Kirkland Lake. Author. cap. $3,000,000, par $1.

Labmahon Porcupine Gold Mines—Ont. incorp. Jan. 4, 1937. H.O. Haileybury. Author. cap. $3,000,000, par $1.

Lake Bousquet Gold Mines—Que. incorp. Dec. 24, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

La Pause Gold Mining — Que. incorp. Dec. 23, 1936. H.O. Montreal. Author cap. $4,000,000, par $1.

Laval Bousquet Gold Mines — Que. incorp. Dec. 24. 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Lennox Mines — Ont. incorp. Dec. 24 1936 H.O. Napanee. Author. cap. $1,000,000, par $1.

Macdonald Mines—Que. incorp. Dec. 23, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Maestro Silver Lead Mines—Ont. incorp. Jan 5 1937. H.O. Toronto. Author. cap. 1,000,000 shares, par value $1.

Maralgo Mines—Ont. incorp. Dec. 18, 1936. H.O. Toronto. Author. cap. $3,000,000, par $1.

Marva Gold Mines—Ont. incorp. Dec. 28. 1936. H.O. Toronto. Author. cap. $3,000,000, per $..

Midway Malartic Gold Mines—Ont. incorp. Jan. 8, 1937 H.O. Toronto. Author. cap $3,000,000, par $1.

Nootka-Zaballos Gold Mine—B. C. incorp. Jan. 11, 1937. H.O. Room 601-5 Bank of Toronto Bldg., Victoria. Author. cap. 250,000 shares, no par value.

Ontario Nickel — Ont. incorp. Dec. 21, 1936. H.O Toronto. Author. cap. $6,000,000, par $1.

Orcour Gold Mines — Ont. incorp. Dec. 17, 1936. H.O. Toronto. Author. cap. $100,000, divided into 10,000 shares of $10 each.

Parkhill Gold Mines (1937)—Ont. incorp. Jan. 4, 1937. H.O. Toronto. Author. cap $3,000,000 par $1.

Quemartic Mines—Ont. incorp. Dec. 18, 1936. H.O Toronto. Author. cap. $3,000,000 par $1.

Sheadore Gold Mines—Ont. incorp. Dec. 17, 1936. H.O. Village of South Porcupine. Author. cap. $1,000,000, par $1.

Spruce Lake Gold Mines—Ont. incorp Dec. 18, 1936. H.O. Toronto. Author. cap $3,000 000. par $1.

Sudiac Gold Mines—Ont. incorp. Jan. 7 1937 H.O Toronto. Author. cap. $3,000,000, par $1.

Washington Gold Mines — Ont. incorp Dec 21, 1936. H.O. Toronto. Author. cap $3,500,000, par $1.

SURRENDER OF CHARTER

Bison Gold—Notice given Dec. 30, 1936, that surrender of charter has been accepted and will be cancelled Jan. 25, 1937.

The Canadian Nickel Co.—Notice given Jan 12, 1937, that surrender of charter has been accepted and will be cancelled Feb. 8, 1937.

Castle Mining—Notice given Dec. 29 1936, that surrender of charter has been accepted and cancelled Jan. 25, 1937.

Chippewa-Kirkland Mines—Notice given Dec. 21, 1936, that surrender of charter has been accepted and same cancelled Jan. 18, 1937

Foley-O'Brien — Notice given Dec. 28, 1936, that surrender of charter has been accepted and cancelled Jan. 25, 1937.

Osweka Gold Mines—Notice given Dec. 17, 1936, that surrender of charter has been accepted and cancelled Jan. 11, 1937.

Ribble Mines—Notice given Dec. 31, 1936 that surrender of charter has been accepted and cancelled on Jan. 25, 1937.

CAPITAL INCREASED

Edwards Gold Mines — Supplementary letters patent were issued Dec. 22, 1936, increasing the capital from $2,000,000 to $3,000,000, by the creation of 1,000,000 additional shares of $1 each.

Minaura Mines — Supplementary letters patent were issued Dec. 31, 1933, increasing the capital by the creation of 2,800,000 additional shares, no par value.

Wood-Cadillac Mines — Supplementary letters patent were issued Jan. 5, 1937, increasing the capital stock of the company from $3,000,000 to $4,000,000, by the creation of 1,000,000 additional shares of $1 each.

CHANGE OF NAME

Porcupine Mutual Gold Mines — Notice was given Jan. 5, 1937, that the name of the company has been changed to Porcupine Mutual Mines.

Siscoe Extension Mines—Supplementary letters patent were issued Dec. 28, 1936, changing the name of the company to Six-Ex Holdings.

Now Sioux Lookout Stakes Within Town

From Our Own Correspondent

KENORA. — Not willing to let Kenora get ahead of her with the "garbage-dump" mine which has been staked within Kenora town limits, Sioux Lookout now boasts its "town limits" property also, with a group of eight claims staked by D. Ward and associates of Sioux Lookout. The staking was done on what is known as Block Ten which is owned by Canadian National Railways.

Two veins have been traced for about 300 ft. with widths ranging from two to four feet.

Shaft Recommended For Britcana Gold

J. C. Houston, consulting engineer for Britcana Gold Mines, has recommended shaft sinking to develop the No. 1 vein underground, The Financial Post is informed.

Britcana Gold Mines was formed with an authorized capitalization of three million shares, to succeed Britcana Exploration Co. The property, in Bryce Twp., Timiskaming district of Ontario, has seen extensive drilling to depths of 500 ft.

First drilling was carried out on No. 1 vein while more recent exploration has been designed to test No. 2 vein. On surface No. 1 vein has been opened by test pits for a length of 300 ft. No. 2 for 200 ft., and vein No. 5 opened for 600 ft. in length by test pits showing a width of two feet and average assays of $30.

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Mill Capacity Raised At McKenzie Red Lake

Increased milling capacity and higher recovery per ton feature the regular quarterly report of McKenzie Red Lake Gold Mines for the three months ended Dec. 31.

Estimated capacity of the mill is now 225 tons per day, compared with a milling rate during the quarter of 150 tons per day. It is not probable that the full capacity will be used until the two new levels, at present being opened up, are further advanced.

The new levels are being opened up by sinking a winze from 650-ft. level. This work has now reached a point below the 750-ft. horizon, and is being continued to the objective of 850 ft. of vertical is reached before lateral work will be done.

Work on the other levels of the mine continues to give favorable results.

Following is a comparison of the mill operations for the last quarter of 1936 and for the entire 12 months:

Mill Summary

	3 mos. ended Dec. 31 1936	12 mos. ended Dec. 31 1936
Ore hoisted (tons) ...	16,254	61,621
Low grade sorted (tons)	2,501	9,146
Dry tons milled (tons)	13,763	52,465
Aver. grade ore milled 0.433 oz.	($15.33)	......
Percentage extraction	97.9%	......
Bullion produced	$206,502	$743,377

East Malartic Mines Sells Optioned Stock

From Our Own Correspondent

MONTREAL. — East Malartic Mines has issued an additional 15,000 shares at 80 cents a share under terms of the option agreement. This brings the number of outstanding shares up to 1,675,246, in addition to which one million shares are in escrow, 224,750 shares under option at 80 cents a share and 100,000 shares in the treasury.

Drill Shows Good Values At Jellicoe

Ore Length of Some 350 ft. Indicated With High Values

DISTRIBUTION SOON

Jellicoe Consolidated Gold Mines, whose stock has been an active one in the unlisted section, has outlined, by drilling, an ore shoot of from 300 to 400 ft. in length, averaging over one ounce per ton over an average width of five feet, The Financial Post learns from a reliable source.

At a vertical depth of between 200 and 240 ft., the drill encountered a particularly high-grade section of ore, the assays from which were not released, because of the possible misleading effect on the market. This is believed by most mining men to be in accordance with sound mining practice. For the company records, however, The Post understands engineers reduced the grade to two ounces for this rather narrow section.

At the present time, the ore shoot encountered by drilling is open at both ends, and drilling at present is aimed at lengthening it. Results from this work should be known in the course of a week or so.

The stock at present being traded publicly is stock of the former company, Jellicoe Gold Mining Co. This latter company will shortly, The Post understands, be wound up, and shares in the new company, Jellicoe Consolidated Mines, distributed on the basis of six new for 10 Jellicoe Gold Mining Co. shares.

At the present time, The Post is informed, there are some three million of Jellicoe Consolidated's five million authorized capitalization outstanding, but little, if any, of this stock is in the hands of the public. Some 1,950,000 shares of Jellicoe Consolidated issued for the property still remain pooled, and the proportionate stock will remain pooled after the distribution.

The property is west of Bankfield Gold Mines in the Little Long Lac district of Ontario.

Hollinger Shows Higher Recovery

Earnings Per Share For 1936 Estimated at $1.18

With operating costs remaining virtually the same, higher recovery per ton, and a consequent increase in gross production, is responsible for higher estimated net earnings of Hollinger Consolidated Gold Mines for the 1936 period.

A notable increase in taxes is apparent in comparing the 1936 official estimate with the 1935 record. Taxes in the 1936 period amount to $1,040,672, as against $856,089 in 1935. Recovery per ton has increased to $8.27 from the $8 recovery reported in 1935.

Below appears the 1936 estimated operating statement, as compared with that of 1935:

	*1936 $	1935 $
Bullion production ..	14,606,176	14,123,841
Less oper. expenses:		
Mining	5,967,559	5,979,810
Milling	1,189,672	1,189,389
General	809,973	785,986
Taxes	1,040,672	856,089
Workmen's compen.	123,332	141,923
Silicosis assess.	59,130	130,779
Net oper. earnings ...	5,415,808	5,042,865
Add: Non-oper. earn.	568,212	255,217
Total net earnings ..	5,984,020	5,298,082
Less: Deprec. & w/o..	185,270	248,580
Net profit	5,798,744	5,049,502
Earns. per Share and Divd. Record:		
Earned	$1.18	$1.03
Paid	0.65+0.45	0.65+0.25
Tons Milled	1,755,768	1,837,153
Recovery per Ton	$8.276	$8.00

*Estimated.

Sladen-Malartic Mines Reduces Optioned Stock

MONTREAL. — Sladen-Malartic Mines announces the sale of 103,000 shares at 65 cents a share under terms of the option agreement, leaving a balance of 100,000 shares in the 65-cent block. As a result of this sales the number of shares outstanding has been increased to 2,177,016.

Progress Shown At O'Brien Mines

From Our Own Correspondent

MONTREAL.—The main shaft of O'Brien Gold Mines is now down to 1,515 feet, where a station is being cut, according to information given to shareholders at the annual meeting of the company.

Manager Dickenson stated that mill heads last year were $19.36, while this year they are up to $47.41.

The shaft will be sunk 2,900 feet west of the present shaft.

Late next month tonnage will be up to 160 tons daily.

Production for the last four weeks was over 92,000 tons.

Current Chatter From B. C.

From Our Own Correspondent

VANCOUVER. — Dictator Gold Mines, Ltd., has acquired a quarter interest in the Cann-Chichagof Gold Mines on the coast of Alaska, and G. A. Clotheier has gone north to put the property into production. A 35-ton mill is being modernized. In its earlier days the mine produced $600,000 in bullion.

* * *

Wayside's Mill

While the Wayside mine is continuing its development work, the mill is being used as a customs plant and test shipments of 500 tons of ore from Congress are now being put through. Congress recently acquired a 200-ton mill from the Meridian mine, where operations have been closed down.

* * *

Takes Minto Concentrates

Wayside mill is also cyaniding concentrates from the Minto mine, a neighbor in the Bridge River district. Wayside at its annual meeting here this week decided to reduce capital from $2.5 millions in five million shares to $500,000 divided into one million shares. One million additional shares were created of a par value of 50 cents. P. E. Ritchie, J. G. Boultbee, P. D. Gordon, O. Ferguson and F. W. Foster were reelected as directors.

* * *

Silver Crest Gets Oil Acreage

Silver Crest Mines have decided to enter the oil business, and with that end in view has acquired 80 acres in the Del Bonita field, Alberta. The company also holds leases on the Watson structure, Weymarn, Comrey, de Winton and Jumping Pound.

* * *

Home Oil's Annual

Home Oil Co. is expected to hold its annual meeting about Feb. 15 when it is planned to consider plans for development of the company's holdings in the Pacific Eastern mine, Bridge River, and along 12 miles of Turner Valley's west flank.

* * *

Metal Rise Aids Slocan

As a result of rising metal prices it is expected that several mines in the Slocan will resume operations shortly, including Kootenay Florence, Slocan Rambler and Utica.

* * *

Noble Five to Resume?

Noble Five will resume operations, too, according to President Paul Lincoln, and it is proposed to sink a shaft 200 ft. from the 1,800 level to develop what is known as the Deadman ore body, and diamond drill between the 800 and 1,800 levels.

* * *

Golden Eagle to Develop

Plans are being made for extensive development of the Golden Eagle property in the Hedley district. The property consists of 46 claims. The intrusive activity is described as similar to the rich Nickel Plate mine nearby. Considerable diamond drilling and tunneling are planned.

Arntfield Gold Mines Raises More Capital

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has called for trading 2,000 additional shares of Arntfield Gold Mines. These shares have been taken up at 70 cents per share under the terms of the option agreement.

Arntfield now has outstanding and listed 2,810,920 shares, in addition to which 27,000 shares remain under option at 70 cents a share and 162,080 shares are held in the treasury.

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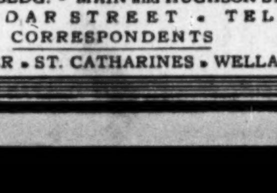

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Mining Enquiry

Cobalt Frontenac

My father some time ago invested in the Cobalt Frontenac mining stock, and we had word two years ago about this mine reopening. Would you mind telling me if the mine is in operation?

Cobalt Frontenac Mining Co. turned its property to Addington Mines early in 1936 through Richrock Gold Mines. Addington was formed by Consolidated Smelters and Cobalt Frontenac received 800,000 shares in Addington for its interest. This stock is, of course, in escrow, and will not be released until the property is in a more advanced stage of development.

In addition to the 800,000 shares of Addington, Cobalt Frontenac also owns a property adjoining which was partially developed last fall. However, only surface work has been done and at the present time this adjoining property is idle. Officials of Cobalt Frontenac inform us that there is a possibility that work will be resumed in the spring. The treasury position of Cobalt Frontenac indicates, however, that before any large scale development work could be carried out, some capital reorganization would be necessary. In the meantime its interest in Addington is a tangible asset, in view of the fact that Consolidated Mining & Smelting Co. is continuing to spend money on the development of this property.

Nicola Mines

We would appreciate having a report on Nicola Mines & Metals.

Latest news in regard to Nicola Mines & Metals is that control of this company has been transferred to South African and British Columbia interests. While the identity of these interests has not yet been made public we are reliably informed that they are fairly substantial. In view of this fact, the change must be regarded as favorable. The development of this property has been hampered by internal dissension in the management and litigation of principals in the past.

After intermittent operations, the mine was reopened in July, 1935, and last December was reported to be handling between 70 and 75 tons daily. Shipments of ore and concentrate have been made at intervals to Trail Smelter and to London, England. Last fall development work indicated improving conditions, and it is possible that the recent change in management might react favorably on operating results.

Calgary & Edmonton—The Financial Post is in receipt of a map showing in detail the extensive holdings of Calgary and Edmonton Corp. south and north of Calgary. The map was prepared by Dominion Map and Blueprint Co. of Vancouver.

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200,000 Shares

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Incorporated under the Ontario Companies Act

CAPITALIZATION

Authorized capital, $3,000,000. (Divided into 3,000,000 shares having a par value of $1.00 each.)

Issued for properties and pooled, 1,000,000 shares.

Issued for Cash (as of Feb. 1st. 1937) 400,005 shares.

Unissued and remaining in treasury 1,599,995 shares.

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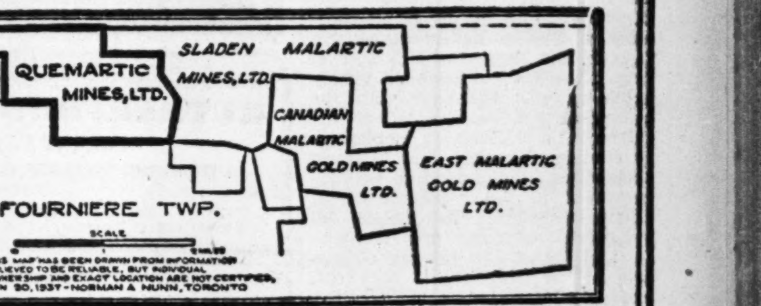

The following is a copy of a report received by us from Mr. J. P. Norrie, M.E., on the 26th day of December, 1936:

PROPERTY

The property of Quemartic Mines Limited consists of 29 claims of approximately 1,160 acres in Fourniere Township, Quebec, to the west of and adjoining Sladen-Malartic Mines, Ltd.

ACCESSIBILITY, TRANSPORATION, POWER, ETC.

The Quebec Government road from Noranda to Montreal runs within one and one-half (1½) miles of the property. The new branch line of the Canadian National Railways is within one-quarter (¼) mile of the property. A telephone line serving the Malartic-Siscoe area follows the Government Highway and power from the Northern Quebec Power Company will be delivered free on the property from the Canadian Malartic sub-station.

HISTORY

The claims of Quemartic Mines Limited were formerly held by various vendors and through the efforts of the officials of the Company were acquired and amalgamated into one unit.

GEOLOGY

These claims are underlain by greenstone and Temiskaming sediments of graywacke, arkose and conglomerate intruded by dikes and stocks of syenite porphyry which is characteristic formation of the district in which all important ore bodies have been found.

DEVELOPMENT AND ORE OCCURRENCES

The claims of Quemartic Mines Limited are generally covered by a blanket of overburden of shallow depth with frequent rock outcrops. Several promising veins have been uncovered by the vendors on which a very limited amount of work has been done. Encouraging assay results have been secured which will probably develop into important ore bodies with further work. It is known that the main Cadillac-Malartic ore zone passes directly through these claims and it is expected that ore bodies similar to the adjacent Pan-Canadian-Sladen Malartic and Canadian Malartic can be located.

PROPOSED WORK

It is planned to conduct an electrical or magnetic survey on the ground which will definitely locate the ore zones. This will be followed by trenching and diamond drilling.

*CONCLUSION

It is a known fact that every serious effort to locate mines on the ore zone herewith described has resulted in the location of important ore bodies with a limited amount of work and expenditure of money and it is believed that similar ore bodies can be located on the property of Quemartic Mines Limited.

(Signed) J. P. NORRIE.

**We would draw particular attention to Mr. Norrie's conclusions contained in his report.*

Work has already commenced on the property and will proceed as rapidly as possible in accordance with Mr. Norrie's recommendations. A block of 200,000 Shares of the Company's Capital Stock has been sold to substantial London, England interests.

Present Offering: 200,000 Shares at 25c. a Share.

The Company having received payment for these shares, the proceeds of the sale of these shares will not go into the Treasury of the Company.

An Informational Circular may be obtained from:

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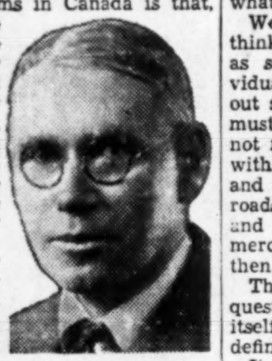
Rail, Road and River 2

Is Motor Transport Paying its Way?

Canadians Piling Up Road Deficit at Rate of $100 Millions Annually To Subsidize Motor Vehicles, Economist Argues

By PROF. W. W. SWANSON
Head of Economics Department, University of Saskatchewan.


W. W. SWANSON

The most general error visible in the discussion of highway transportation problems in Canada is that, because the railways are the senior service and the basically essential one, the protection of their interests is the root of the highway problem.

Obviously this country must continue to have railway services, but that does not imply any essential necessity of protection for capital invested in railways, nor for the earnings of railway workers. Both capital and labor, in this as in every other occupation, must take their chances in a changing world—provided only that the chances be not loaded by favoritism shown to others.

It is equally true that the highway problem is not one of fostering the highway transportation industry, nor any of the industries depending on it. They, exactly as the railways, must take their chances in a changing world. It is as unwise to talk of restricting highway interests solely in the interests of the railways, as it would be for us to make plans for the future restriction of aviation to protect both highway and railway transport.

If there is a highway problem it must be one affecting the interests of the nation at large, and not of restricted groups. The question of what, if any, measures the railways can take to meet the increasing competition from highway transport is one best left to the judgment of railway managements, and it is unfortunate that public discussion of the highway problem has so far revolved almost entirely around this single point.

On the other hand, however, we have to face the fact that more than half the railway mileage of Canada is owned and operated by the state—at a loss.

There appear to be two national interests involved in dealing with highway transportation problems in Canada.

Need for Regulation

The first is that of the important need of rate and service regulation in the case of major transportation movements. It is usually assumed today that railway rate regulation was introduced in order to protect the shipping and travelling public from oppressive charges. This is an incorrect reading of history. Railway rate regulation, wherever it has been introduced, has been established to assure stability of rates, and their fixing on some equitable basis.

Transportation charges play such a part in the cost of doing business that instability or unfairness in their adjustment may ruin the interest of individuals, corporations and of communities. Railway companies, if free from supervision, might conspire to sacrifice the interests of Toronto to Montreal, or of Montreal to Toronto.

Owing to the fact that highway transportation is at present conducted very largely by small operators, and in a highly competitive fashion, the danger of this sort of favoritism has not been as visibly acute as was the case with the quasi-monopolistic services of the railways. It is becoming increasingly obvious, however, that highway transportation will tend to be concentrated in the hands of larger enterprises should its present development continue and increase. In that event the danger of discrimination would be a very real one.

Rights on Highways

In the present phase of its development, however, highway transportation exhibits the need of regulation for other reasons. No railway service ever impinged on the interest of the ordinary citizen as the operations of motor trucks do.

It is inevitable that, in order to accomplish this control, there must be a steady development of at least common carrier enterprises engaged in highway transportation in the direction of larger units of management. Franchises are an almost essential part of proper public control of highway transportation. The days of cut-throat competition between owners of one or two common carrier trucks are obviously bound to end; and, as a result, highway common carrier transportation is bound to assume a quasi-monopolistic form. This will bring with it the need of rate regulation, and it may be taken as certain that highway common carrier transportation—should it continue in even its present volume, or expand—will experience regulation far more complete than has ever been applied to railways.

It cannot be reiterated too often that there should be nothing representing an attempt to legislate trucks off the highways in the interest of the railways. Public safety; protection for workers in the industry; rate regulation to eliminate abuses and place the industry on a basis where its revenues will be at least sufficient to enable operators to pay proper taxation, and to accept full responsibility for torts—these are the reasons for applying the regulation of public authorities, on a more elaborate scale than has as yet been the case, to the commercial movement of freight on the public highways.

Highway Cost

The second point of general public interest in connection with common or contract carrier transportation on the highways is the question of the financial results of highway construction and maintenance.

The problem is whether motor vehicles, and particularly those who conduct a business upon the highways, pay their fair share of the cost of the highways which they use. The answer involves studies of two kinds. First, a more or less theoretical problem as to what constitutes a fair share of the cost, and second, the question of fact as to what the cost really is.

We have been accustomed to think of the use of the highways as something to which the individual has an inherent right, without special obligation. Such a right must be recognized; but that does not mean that such a right carries with it a privilege of having built and maintained a network of fine roads constructed at great expense and on a scale that the non-commercial use does not require. Where then must we draw the line?

The difficulty in answering that question arises because the right itself has never been accurately defined.

It seems essential to view the rights which existed when the common use of highways at the expense of the general taxpayer was enjoyed by all equally as somewhat modified when applied in a special way, and thereby involving a very much more expensive system of roads.

Nonpermanent Works

It is safe to assume that a great part of the original premotor era costs has been paid off, and this might very well be taken to have paid for community use values. The fact that in the main the past expenditures were permanent contributions to our highway system makes such a proposition distinctly reasonable, and, therefore, if we confine our studies of cost to those nonpermanent values we shall have gone far toward dealing satisfactorily with the problem. As a question of pure economics, our road policy today is leading to disaster. We must not continue to spend large sums on nonpermanent works without paying for them as we go.

After a study of a great deal of what has been written by highway engineers and experts, one is led to conclude that the present cost of the nonpermanent elements in the 266,288 miles of improved highways in Canada, including bridges, would not be less than about $650 millions. This does not take into account streets in cities and towns.

If this cost is to be retired over the life of the roads, the total mileage must be broken down into different types and the life of each type estimated.

Maintenance Costs

If these lives are taken into account for financial purposes, and 20% salvage allowed for the bituminous macadam and better types, with 10% salvage for waterbound macadam, annual sinking fund invested to earn 4% would require over $93 millions. Annual interest charges would be some $32.5 millions, and by adding maintenance costs, which are known for recent years, we should get the annual cost. Maintenance costs in 1934, the last year for which statistics are available, were $21,462,973.

On this basis, our highways, excluding streets in cities and towns, and without policing and administration expense, cost us in the neighborhood of $147 millions. Our average revenue from motor taxation for the last five years has been $46,183,331, so that annual deficit of $100 millions or more would be indicated.

It is agreed that these figures can be only approximate, but they are more than mere guesses. They show one startling fact, that a great many of the costs are hidden; but they must nevertheless be met. Our difficulty lies in the fact that we are prone to do our financing by issuing bonds, and then fail to set up a retirement fund, thus pyramiding our obligations. This pyramiding is a fatal error; and will undoubtedly involve financial difficulty of the most serious kind if left unchecked.

Motor Vehicle Subsidy

This feature more than any other contains the hidden subsidy in favor of the motor vehicle. We must not delude ourselves that the subsidy does not exist merely because we are enabled to postpone payment of capital costs. These bond issues must be serviced. Therefore, any study of true cost must involve provision for retirement of capital during the life of the work, so that when the time comes for rebuilding we shall not add further to the burden of debt.

At present, we seem to be collecting less than one-half of our real cost from the motor vehicle owners. It must be remembered, too, that in the figure of $100 millions per year as a deficit, we included only nonpermanent items of cost. If we treat the permanent items as a contribution to "community use," no further percentage need be deducted, and the deficit then becomes clearly attributable to the failure of the motor vehicle to pay its way.

It must be noted that these figures do not include any provision for supervisory expenditures, for policing, or for the enormous addition to municipal paving and other road costs which have resulted from the introduction of motor transportation. The Duff Commission recommended that motor traffic should pay at least two thirds of highway costs in urban areas. If this means two thirds of urban street costs, the figure of $100 millions would be greatly increased.

The highway problem is really a problem of public finance. In view of the fact that it now affects all of the provinces of Canada, and many of the municipalities, it is not unreasonable to suggest that it is one which should be considered on a national scale. A Royal Commission should be appointed to consider it in all its implications.

Subsidy Helps Auto Transport

In the second of a series of articles on Canada's transportation problems, Professor W. W. Swanson points out that Canadian highways are costing the taxpayer in the neighborhood of $147 millions annually, while revenue for motor taxation amounts to a little over $48 millions. The difference, he contends, represents a subsidy paid by Canadians to automotive transportation. He suggests a Dominion Royal Commission to investigate the whole situation and suggest a remedy.

Cheese Output Up

A marked increase, amounting to 16.3% is reported in the production of cheese in Ontario last year, when the make amounted to 87,799,352 pounds, as compared with 75,516,846 pounds the previous year.

MOVES UP

Gordon L. Bartrem, city passenger agent at Toronto for the Canadian Pacific Railway, who has been promoted to the position of convention traffic agent for the company, effective Feb. 1, with headquarters at Montreal. All Mr. Bartrem's services have been in Toronto. He joined the company in 1917.

100 Million Trout, Salmon Restock Canadian Waters

OTTAWA.—More than a hundred million little trout and salmon were added to Canada's fish population by the Dominion Department of Fisheries during 1936. Out of a total of nearly 109,400,000 eggs, fry, etc., the sockeye salmon distribution made up more than half, or close to 64,400,000. Next in number came the Atlantic salmon with approximately 25,700,000, then speckled trout with about 6,820,000, and Kamloops trout with a distribution of 6,622,000. Rainbow and cutthroat trout were each also well over the million mark.

Income Tax Ruling Worries Montreal

The City of Montreal cannot collect municipal income tax from people who work in the city, but live outside the Montreal Metropolitan Commission area, according to a decision handed down in the Quebec Recorder's Court in Montreal.

While ordinarily there is no appeal from the recorder's decision, the city is applying to the Superior Court for a writ of "certiorari" to open the way for a re-hearing of the case. Counsel for the city is of the opinion that the judgment can be reversed in a higher tribunal.

The recorder's judgment was based on interpretation of "place of business," the ruling being that a salaried employee has not a place of business within the meaning of the income tax by-law. If appeal to a higher court fails, then it is probable that the Provincial Legislature will be asked to amend existing legislation to permit taxation of persons whose place of employment is within the metropolitan area.

At the present time the judgment is giving the city considerable worry. Indications are that it is likely to affect adversely 1936-37 revenue in a budget already threatened with deficit. To make matters worse, receipts to date are already behind estimates. Furthermore, the impression is abroad that the judgment applies to people living in municipalities under the Montreal Metropolitan Commission, as well as to those who live outside the commission area.

New Brunswick Deficit is Lower

Sharp Increase in Debt Recorded in 1935-36

For the year ended Oct. 31, 1936, the Province of New Brunswick reports its seventh successive deficit, expenditures on current acount being $424,969 in excess of revenue. This compares with a current account deficit of $703,116 in the previous year.

While receipts were $503,000 higher in 1935 and $293,000 more than estimated by Hon. C. T. Richard, provincial treasurer, in his budget, the deficit was larger than the budget estimate due to the fact that the Government again failed to keep expenditures within estimates. In the budget for the year the deficit was estimated at $383,000.

The increase in revenue over estimates was due to larger receipts from succession duties, which totalled $618,000 as compared with estimated revenue from this source of $300,000.

Comparative figures of revenue and expenditures are as follows:

Years Ended Oct. 31	1936 $	1935 $
Revenue	6,845,983	6,342,491
Expenditures	7,270,952	7,045,607
Deficit	424,969	703,116

Large capital expenditures resulted in a sharp increase in funded debt. Net debenture debt, that is after deducting sinking funds, amounted to $65.2 millions at Oct. 31, an increase of $5.7 millions over the previous year. Gross debenture debt totalled $74 millions.

Western Exhibitions

REGINA, Sask.—Regina's Agricultural and Industrial Exhibition will be held this year from July 26 to 31, inclusive. The date was set at the annual meeting of the Western Canada Association of Exhibitions held in Winnipeg recently. Other exhibitions on the Class "A" circuit will be held as follows: Brandon, June 28 to July 2; Calgary, July 5 to 10; Edmonton, July 12 to 17 and Saskatoon, July 19 to 24.

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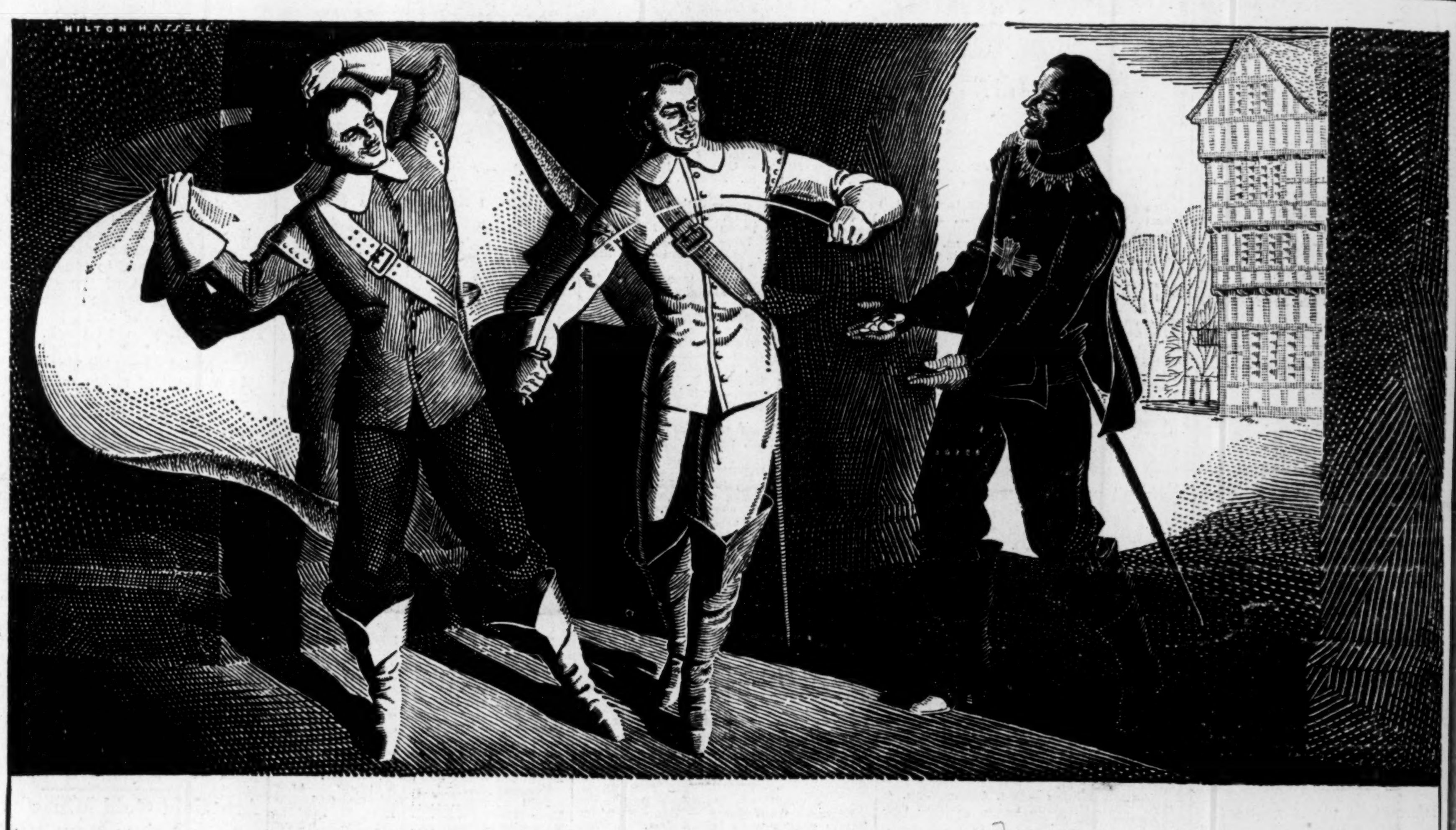

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